

# Beaufort West

## MUNICIPALITY



[These financial statements have not been audited]

## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2016

# BEAUFORT WEST LOCAL MUNICIPALITY

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# BEAUFORT WEST LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

#### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*  
*Nelspoort*  
*Merweville*  
*Murraysburg*

#### MUNICIPAL MANAGER

*Mr. J. Booysen*

#### CHIEF FINANCIAL OFFICER

*Mr. F. Sabbat*

#### REGISTERED OFFICE

*112 Donkin Street*  
*BEAUFORT WEST*  
*6970*

#### AUDITORS

Office of the Auditor General (WC)

#### PRINCIPLE BANKERS

Nedbank, Beaufort West

#### ATTORNEYS

*Crawford Attorneys, Beaufort West*  
*Van Niekerk Attorneys, Beaufort West*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Remuneration of Public Office Bearers Act (Act no 20 of 1998)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations

# BEAUFORT WEST LOCAL MUNICIPALITY

## MEMBERS OF THE BEAUFORT WEST LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	L. Deyce
2	A.M. Slabbert
3	G. de Vos
4	S.M. Motsoane
5	M. Furmen
6	G.P. Adolph
7	Vacant
Proportional	J. Diedericks
Proportional	G.T. Murray
Proportional	T. Prince
Proportional	R.T. Hugo
Proportional	L. Basson
Proportional	P. Simon

### Councillors which resigned during the 2015/2016 Financial Year.

WARD	COUNCILLOR
7	J. Bostander
Proportional	E.A.J. Beyers
Proportional	R. van der Linde
Proportional	D.E. Welgemoed
Proportional	A.D. Willemse


## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
Mr. J. Booyson  
Municipal Manager

31 August 2016  
\_\_\_\_\_  
Date

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of BEAUFORT WEST LOCAL MUNICIPALITY for the fiscal year

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and Senior Management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Beaufort West Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

**2. KEY FINANCIAL INDICATORS**

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Beaufort West economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

**Financial Statement Ratios:**

INDICATOR	2015/2016	2014/2015
Surplus / (Deficit) for the year before Appropriations	(9 222 862)	85 618 234
Accumulated Surplus / (Deficit) at the end of the Year	402 864 971	403 321 592
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	25.01%	28.59%
Remuneration of Councillors	1.42%	1.70%
Debt Impairment	21.37%	15.62%
Collection Cost	0.00%	0.17%
Depreciation and Amortisation	4.81%	5.85%
Impairments	0.00%	0.00%
Repairs and Maintenance	7.55%	7.07%
Actuarial losses	0.00%	0.08%
Finance Charges	1.80%	2.11%
Bulk Purchases	15.05%	16.89%
Contracted services	3.52%	3.12%
Stock Adjustments	2.67%	2.56%
Operating Grant Expenditure	0.81%	0.29%
General Expenses	15.98%	15.60%
Loss on disposal of Property, Plant and Equipment	0.01%	0.33%
Fair Value Adjustments	0.00%	0.00%
Current Ratio:		
Creditors Days	64	104
Debtors Days (Excluding Traffic Fines)	207	202

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ratio is. It should be noted that the ratio improvement has been achieved despite the massive increases in Eskom charges.

### 3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	403 321 593	323 287 179	24.76%	419 368 888	-3.83%
Operating income for the year (incl. gains in disposal of assets)	310 109 691	342 404 027	-9.43%	316 535 535	-2.03%
Appropriations for the year	8 766 240	(5 583 820)	-256.99%	11 955 287	-26.67%
	722 197 524	660 107 386	9.41%	747 859 710	-3.43%
<b>Expenditure:</b>					
Operating expenditure for the year	319 332 553	256 785 793	24.36%	300 305 049	6.34%
Sundry transfers	-	-	0.00%	-	-
Closing surplus / (deficit)	402 864 971	403 321 593	-0.11%	447 554 661	-9.99%
	722 197 524	660 107 386	9.41%	747 859 710	-3.43%

### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 18 486 675 (2014/2015: R 40 500 198 ), and in percentage terms amounts to 50.55% of budget. Full details of Property, Plant and Equipment are disclosed in note numbers 13 & 15 to the Annual Financial Statements.

The capital expenditure of R 18 486 675 (2015/16) was financed as follows:

DETAILS	Actual 2015/2016 R	Budgeted 2015/2016 R	Percentage Variance %	Source of funding as % of total Cap exp
Appropriation Account (Own Funds)	1 420 984	5 317 668	26.72%	7.69%
External Loans	2 265 301	-	-	-
Grants and Subsidies	14 486 188	28 500 121	50.83%	78.36%
Leased Assets	243 958	2 460 000	9.92%	1.32%
Public Contributions	70 243	151 040	47%	0.38%
	18 486 675	36 428 829	50.75%	100.00%

### 5. RECONCILIATION OF BUDGET TO ACTUAL

#### 5.1 Operating Budget:

DETAILS	2015/2016
<i>Variance per Category:</i>	
Budgeted surplus before appropriations	(25 453 348)
Revenue variances	7 668 885
Expenditure variances:	
Executive & Council	142 728
Budget & Treasury	7 341 815
Corporate Services	680 025
Planning & Development	(548 159)
Health	-
Community & Social Services	(1 573 384)
Housing	2 269 110
Public Safety	20 876 331
Sport & Recreation	(1 505 232)
Environmental Protection	-
Waste Management	(596 649)
Waste Water Management	(1 476 313)
Road Transport	(1 117 989)
Water	1 596 464
Electricity	(6 624 759)
Other	(436 484)
Actual surplus before appropriations	1 243 041

DETAILS	2015/2016
<i>Variance per Expenditure by Type:</i>	
Budgeted surplus before appropriations	(25 453 348)
Employee related costs	(1 401 732)
Remuneration of councillors	(253 636)
Debt impairment	31 019 191
Depreciation & asset impairment	(716 630)
Finance charges	4 215 317
Bulk purchases	(673 018)
Other materials	(2 502 281)
Contracted services	2 551 683
Grants and subsidies paid	(25 121)
Impairments	-
Other expenditure	(13 209 547)
Loss on disposal of PPE	23 278
Actual surplus before appropriations	(6 425 844)

Details of the operating results per segmental classification of expenditure and of operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Statement of Comparisons of Budget and Actual Amounts

## 5.2 Capital Budget:

DETAILS	Actual 2015/2016 R	Budgeted 2015/2016 R	Variance actual/ budgeted R
Vote 1 - Municipal Manager	48 102	40 000	8 102
Vote 2 - Director: Corporate Service	1 630 262	1 637 552	(7 290)
Vote 3 - Director: Financial Services	292 424	48 165	244 259
Vote 4 - Director: Engineering Services	13 782 495	24 306 225	(10 523 730)
Vote 5 - Director: Community Services	32 733	622 942	(590 209)
Vote 6 - Director: Electrical Services	2 700 658	9 773 945	(7 073 287)
	<b>18 486 675</b>	<b>36 428 829</b>	<b>(17 942 154)</b>

Refer to Note numbers 13, 15 and 44 for more detail.

## 5. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June was :

New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.

Refer to Note number 3 and Appendix "A" for more detail.

2016 R	2015 R
<b>11 021 537</b>	<b>11 542 433</b>
<b>2 802 456</b>	<b>4 092 471</b>

## 6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Non-current Provisions and Employee Benefits at 30 June are made up as follows:	<b>49 906 018</b>	<b>52 565 894</b>
Provision for Post Retirement Benefits	26 108 508	24 304 277
Provision for Ex-Gratia Pension Benefits	24 781	23 756
Provision for Long Service Awards	3 723 388	3 361 279
Provision for Rehabilitation of Landfill-sites	20 049 341	24 876 582
Provision for Clearing of Alien Vegetation	-	-
	<b>49 906 018</b>	<b>52 565 894</b>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

## 7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note Number 6	1 292 897	1 227 349
Current Employee benefits	Note Number 7	8 401 419	7 979 706
Provisions	Note Number 8	5 264 718	-
Payables from exchange transactions	Note Number 9	24 726 114	32 926 317
Unspent Conditional Government Grants and Receipts	Note Number 10	11 091 768	4 709 333
Unspent Public Contributions	Note Number 11	80 747	145 955
Cash and Cash Equivalents	Note Number 23	5 105 195	1 932 245
Current Portion of Long-term Liabilities	Note Number 3	3 084 076	3 763 632
		<b>59 046 934</b>	<b>52 684 537</b>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

## 8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	<b>470 701</b>	<b>316 106</b>
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note Number 15 for more detail.

## 9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	<b>456 045 055</b>	<b>452 172 824</b>
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Refer to Note Number 13 for more detail.

## 10. INVESTMENT PROPERTY

The net carrying value of Investment Property is:	<b>8 197 417</b>	<b>8 381 248</b>
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There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.

Refer to Note Number 13 for more detail.

## 11. CAPITALISED RESTORATION COST

The net value of Capitalised Restoration Cost is:	<b>170 735</b>	<b>1 160 239</b>
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Refer to Note Number 16 for more detail.



## 12. HERITAGE ASSETS

The net value of Heritage Assets is:

Refer to Note Number 17 for more detail.

2016	2015
R	R
5 225 000	5 225 000

## 13. INVESTMENTS

The municipality held Investments to the value of :

18 037 290	15 036 392
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These investments are ring-fenced for purposes of either the security for and repayment of Long-term Liabilities, Unspent Conditional Grants and Capital Commitments.

Refer to Note Number 23 for more detail.

## 14. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note Number 19	3 728 621	2 991 660
Receivables from exchange transactions	Note Number 20	13 583 345	25 389 148
Receivables from non-exchange transactions	Note Number 21	11 403 070	15 370 233
Unpaid Conditional Government Grants and Receipts	Note Number 10	701 267	1 614 319
Operating Lease Asset	Note Number 22	53 002	15 412
Taxes	Note Number 12	10 347 956	6 444 459
Cash and Cash Equivalents	Note Number 23	18 049 520	15 048 617
		<b>57 866 781</b>	<b>66 873 848</b>

Refer to the indicated Note numbers for more detail.

## 15. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to note 10 and 17 for more detail

## 16. EVENTS AFTER THE REPORTING DATE

Full details of all events after reporting date are disclosed in note 49.

## 17. DISCLOSURE ISSUES

Possible outflow of recourses due to the contingent liability disclosed in note 52.

## 18. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.



Mr. F Sabbat  
CHIEF FINANCIAL OFFICER

31 AUGUST 2016  
Date

**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Notes	2016 R (Actual)	2015 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>409 849 035</b>	<b>419 071 879</b>
Capital Replacement Reserve	2	3 078 397	10 491 152
Housing Development Fund	2	3 903 397	4 062 271
Self Insurance Reserve	2	2 270	1 196 864
Accumulated Surplus		402 864 971	403 321 592
<b>Non-Current Liabilities</b>		<b>60 927 555</b>	<b>64 108 327</b>
Long-term Liabilities	3	11 021 537	11 542 433
Employee benefits	4	29 856 677	27 689 312
Non-Current Provisions	5	20 049 341	24 876 582
<b>Current Liabilities</b>		<b>59 046 934</b>	<b>52 684 537</b>
Consumer Deposits	6	1 292 897	1 227 349
Current Employee benefits	7	8 401 419	7 979 706
Provisions - current portion	8	5 264 718	-
Payables From Exchange Transactions	9	24 726 114	32 926 317
Unspent Conditional Government Grants and Receipts	10	11 091 768	4 709 333
Unspent Public Contributions	11	80 747	145 955
Cash and Cash Equivalents	23	5 105 195	1 932 245
Current Portion of Long-term Liabilities	3	3 084 076	3 763 632
<b>Total Net Assets and Liabilities</b>		<b>529 823 524</b>	<b>535 864 743</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>471 956 743</b>	<b>468 990 895</b>
Property, Plant and Equipment	13	456 045 055	452 172 824
Investment Property	14	8 197 417	8 381 248
Intangible Assets	15	470 701	316 106
Capitalised Restoration Cost	16	170 735	1 160 239
Heritage Assets	17	5 225 000	5 225 000
Long-Term Receivables	18	1 847 836	1 735 478
<b>Current Assets</b>		<b>57 866 781</b>	<b>66 873 848</b>
Inventory	19	3 728 621	2 991 660
Trade Receivables from exchange transactions	20	13 583 345	25 389 148
Other Receivables from non-exchange transactions	21	11 403 070	15 370 233
Unpaid Conditional Government Grants and Receipts	10	701 267	1 614 319
Operating Lease Asset	22.1	53 002	15 412
Taxes	12	10 347 956	6 444 459
Cash and Cash Equivalents	23	18 049 520	15 048 617
<b>Total Assets</b>		<b>529 823 524</b>	<b>535 864 743</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 (Actual) R	2015 (Restated) R	Correction of error R	2015 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>197 088 216</b>	<b>237 472 897</b>	<b>189 693</b>	<b>237 283 204</b>
<b>Taxation Revenue</b>		<b>26 031 092</b>	<b>24 583 024</b>	<b>-</b>	<b>24 583 024</b>
Property taxes	24	26 031 092	24 583 024	-	24 583 024
<b>Transfer Revenue</b>		<b>110 558 233</b>	<b>166 731 201</b>	<b>0</b>	<b>166 731 201</b>
Government Grants and Subsidies - Capital	25	14 556 431	37 652 483	0	37 652 483
Government Grants and Subsidies - Operating	25	96 001 801	76 782 411	-	76 782 411
Contributed PPE		-	52 296 307	-	52 296 307
<b>Other Revenue</b>		<b>60 498 891</b>	<b>46 158 672</b>	<b>189 693</b>	<b>45 968 979</b>
Actuarial Gains	4	506 605	-	-	-
Fines		59 216 575	45 968 979	-	45 968 979
Reversal of Impairment		623 704	33 544	33 544	-
Rehabilitation Income		152 007	156 149	156 149	-
Gain on disposal of PPE		-	-	-	-
<b>Revenue from Exchange Transactions</b>		<b>113 021 475</b>	<b>104 931 130</b>	<b>(7 636)</b>	<b>104 938 766</b>
Property Rates - penalties imposed and collection charges		553 226	473 809	-	473 809
Service Charges	26	97 607 887	88 399 264	-	88 399 264
Rental of Facilities and Equipment		1 084 577	1 675 920	(1 665)	1 677 585
Interest Earned - external investments		1 883 282	1 892 682	-	1 892 682
Interest Earned - outstanding debtors		2 040 656	1 968 539	-	1 968 539
Licences and Permits		563 139	538 676	-	538 676
Agency Services		659 511	609 253	-	609 253
Other Income	27	8 629 197	9 372 987	(5 971)	9 378 958
<b>Total Revenue</b>		<b>310 109 691</b>	<b>342 404 027</b>	<b>182 057</b>	<b>342 221 970</b>
<b>EXPENDITURE</b>					
Employee related costs	28	79 879 435	73 425 608	-	73 425 608
Remuneration of Councillors	29	4 522 248	4 355 922	-	4 355 922
Debt Impairment	30	68 252 205	40 121 041	-	40 121 041
Collection Cost		7 500	444 454	-	444 454
Depreciation and Amortisation	31	15 347 372	15 031 784	(12 409)	15 044 193
Impairments	32	-	5 971	(3 164 985)	3 170 956
Repairs and Maintenance	33	24 107 663	18 143 202	-	18 143 202
Actuarial losses	4	-	216 003	-	216 003
Finance Charges	34	5 754 200	5 424 525	971 136	4 453 389
Bulk Purchases	35	48 047 308	43 383 304	25 042	43 358 262
Contracted services	36	11 248 711	7 999 251	-	7 999 251
Grants and Subsidies Paid	37	34 879	64 452	-	64 452
Stock Adjustments	35	8 534 274	6 581 588	25 364	6 556 224
Other Operating Grant Expenditure		2 539 411	676 407	-	676 407
Loss on disposal of PPE		23 278	841 434	-	841 434
General Expenses	38	51 034 069	40 070 847	80 736	39 990 111
<b>Total Expenditure</b>		<b>319 332 553</b>	<b>256 785 793</b>	<b>(2 075 116)</b>	<b>258 860 909</b>
<b>Operating Surplus for the Year</b>		<b>(9 222 862)</b>	<b>85 618 234</b>	<b>2 257 173</b>	<b>83 361 061</b>
Loss on disposal of Property, Plant and Equipment/Investment Property		-	-	-	-
Gain on disposal of Property, Plant & Equipment/Investment Property		-	-	-	-
Fair Value Adjustments		-	-	-	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>(9 222 862)</b>	<b>85 618 234</b>	<b>2 257 173</b>	<b>83 361 061</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Self Insurance Reserve</b>	<b>Housing Development Fund</b>	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2014</b>	<b>1 118 685</b>	<b>4 198 159</b>	<b>4 849 606</b>	<b>341 591 646</b>	<b>351 758 096</b>
Correction of error - See Note 39.02	-	-	-	(18 304 466)	(18 304 466)
<b>Restated Balance at 1 July 2014</b>	<b>1 118 685</b>	<b>4 198 159</b>	<b>4 849 606</b>	<b>323 287 179</b>	<b>333 453 629</b>
Net Surplus/(Deficit) for the year	-	-	-	83 361 061	83 361 061
Correction of error - See Note 39.01	-	-	-	2 257 172	2 257 172
Contribution to Insurance Reserve	367 738	-	-	(367 738)	-
Insurance claims processed	(289 559)	-	-	289 559	-
Transfer to CRR	-	-	7 699 667	(7 699 667)	-
Property, Plant and Equipment purchased	-	-	(2 058 121)	2 058 121	-
Transfer to Housing Development Fund	-	(135 888)	-	135 888	-
Rounding	-	-	-	17	17
<b>Balance at 30 JUNE 2015</b>	<b>1 196 864</b>	<b>4 062 271</b>	<b>10 491 152</b>	<b>403 321 592</b>	<b>419 071 879</b>
<b>Restated Balance at 1 July 2015</b>	<b>1 196 864</b>	<b>4 062 271</b>	<b>10 491 152</b>	<b>403 321 592</b>	<b>419 071 879</b>
Net Surplus/(Deficit) for the year	-	-	-	(9 222 862)	(9 222 862)
Transfer to/from CRR	-	-	(5 991 771)	5 991 771	-
Property, Plant and Equipment purchased	-	-	(1 420 984)	1 420 984	-
Contribution to Insurance Reserve	(1 047 539)	-	-	1 047 539	-
Insurance claims processed	(147 055)	-	-	147 055	-
Transfer to Housing Development Fund	-	(158 874)	-	158 874	-
Rounding	-	-	-	19	19
<b>Balance at 30 June 2016</b>	<b>2 270</b>	<b>3 903 397</b>	<b>3 078 397</b>	<b>402 864 971</b>	<b>409 849 035</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Notes</b>	<b>2016 R</b>	<b>2015 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		201 328 088	120 117 295
Government		122 447 181	118 123 555
Interest		3 923 938	3 861 221
<b>Payments</b>			
Suppliers and employees		(302 282 704)	(194 328 716)
Finance charges	<b>34</b>	(5 754 200)	(5 424 525)
Transfers and Grants		(34 879)	(64 452)
<b>Net Cash from Operating Activities</b>	<b>40</b>	<b>19 627 424</b>	<b>42 284 379</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(18 211 835)	(40 355 974)
Proceeds on Disposal of Fixed Assets		(0)	222 377
Purchase of Intangible Assets		(274 841)	(144 224)
(Increase)/Decrease in Long-term Receivables		(112 358)	1 941 109
<b>Net Cash from Investing Activities</b>		<b>(18 599 033)</b>	<b>(38 336 712)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		2 802 456	789 592
New loans (repaid)		(4 002 908)	(3 558 036)
Rounding		15	13
<b>Net Cash from Financing Activities</b>		<b>(1 200 437)</b>	<b>(2 768 430)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(172 047)</b>	<b>1 179 236</b>
Cash and Cash Equivalents at the beginning of the year		13 116 372	11 937 136
Cash and Cash Equivalents at the end of the year	<b>41</b>	12 944 325	13 116 372
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(172 047)</b>	<b>1 179 236</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	12 230	783 283	(771 053)	Cash flow constraints
Call investment deposits	18 037 290	5 000 000	13 037 290	Unspent conditional grants and CRR contributions
Consumer debtors	13 583 345	30 579 100	(16 995 755)	Increase in provision for bad debts
Other Receivables	22 505 295	20 543 997	1 961 298	
Inventory	3 728 621	3 171 160	557 461	
<b>Total current assets</b>	<b>57 866 781</b>	<b>60 077 540</b>	<b>(2 210 759)</b>	
<b>Non current assets</b>				
Long-term receivables	1 847 836	1 839 607	8 229	
Investment property	8 197 417	8 381 248	(183 831)	
Property, plant and equipment	456 045 055	472 026 874	(15 981 819)	Underspending of the capital budget
Intangible Assets	470 701	826 883	(356 182)	
Other non-current assets	5 395 735	7 128 294	(1 732 559)	Additional accumulated depreciation shortened useful life
<b>Total non current assets</b>	<b>471 956 743</b>	<b>490 202 906</b>	<b>(18 246 162)</b>	
<b>TOTAL ASSETS</b>	<b>529 823 524</b>	<b>550 280 446</b>	<b>(20 456 922)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	5 105 195	-	5 105 195	Cash flow problems and increase in payables
Borrowing	3 084 076	2 779 743	304 333	
Consumer deposits	1 292 897	1 374 349	(81 452)	
Trade and other payables	35 898 629	35 366 972	531 657	
Provisions and Employee Benefits	13 666 136	12 998 497	667 639	
<b>Total current liabilities</b>	<b>59 046 934</b>	<b>52 519 561</b>	<b>6 527 373</b>	
<b>Non current liabilities</b>				
Borrowing	11 021 537	11 546 769	(525 232)	
Provisions and Employee Benefits	49 906 018	34 864 455	15 041 563	Reallocation of provision in terms of actual rehabilitation costs
<b>Total non current liabilities</b>	<b>60 927 555</b>	<b>46 411 224</b>	<b>14 516 331</b>	
<b>TOTAL LIABILITIES</b>	<b>119 974 489</b>	<b>98 930 785</b>	<b>21 043 704</b>	
<b>NET ASSETS</b>	<b>409 849 035</b>	<b>451 349 661</b>	<b>(41 500 626)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	402 864 971	447 554 661	(44 689 690)	Under performance wrt Revenue ie Grants, Fines, Additional Debt Impairment
Reserves	6 984 064	3 795 000	3 189 064	Additional contribution to CRR
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>409 849 035</b>	<b>451 349 661</b>	<b>(41 500 626)</b>	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	950 000	(166 717)	783 283	Decrease in available cash
Call investment deposits	3 004 382	1 995 618	5 000 000	Unspent conditional grant funds
Consumer debtors	32 252 237	(1 673 137)	30 579 100	Increase in payment percentage
Other Receivables	4 815 000	15 728 997	20 543 997	Traffic fines into IGRAP1
Inventory	3 638 000	(466 840)	3 171 160	Decrease in stock movement
<b>Total current assets</b>	44 659 619	15 417 921	60 077 540	
<b>Non current assets</b>				
Long-term receivables	3 933 948	(2 094 341)	1 839 607	Expected decrease in arrangements with debtors
Investment property	8 336 455	44 793	8 381 248	
Property, plant and equipment	406 541 898	65 484 976	472 026 874	PPE corrections
Intangible Assets	100 078	726 805	826 883	Additional ICT equipment for SCOA and Disaster Recovery
Other non-current assets	1 491 052	5 637 242	7 128 294	Increase in capitalization restoration costs
<b>Total non current assets</b>	420 403 431	69 799 475	490 202 906	
<b>TOTAL ASSETS</b>	465 063 050	85 217 396	550 280 446	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	3 953 229	(1 173 486)	2 779 743	Settlement of loans and finance leases
Consumer deposits	1 373 880	469	1 374 349	
Trade and other payables	23 995 611	11 371 361	35 366 972	Mainly unspent conditional grants
Provisions and Employee Benefits	8 018 860	4 979 637	12 998 497	Post employee benefits and landfill sites
<b>Total current liabilities</b>	37 341 580	15 177 981	52 519 561	
<b>Non current liabilities</b>				
Borrowing	15 084 877	(3 538 108)	11 546 769	Settlement of loans
Provisions and Employee Benefits	31 457 642	3 406 813	34 864 455	Post employee benefits and landfill sites
<b>Total non current liabilities</b>	46 542 519	(131 295)	46 411 224	
<b>TOTAL LIABILITIES</b>	83 884 099	15 046 686	98 930 785	
<b>NET ASSETS</b>	381 178 951	70 170 710	451 349 661	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	369 863 699	77 690 962	447 554 661	Net of all reasons
Reserves	11 315 252	(7 520 252)	3 795 000	Adjustment to reflect cash funded
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	381 178 951	70 170 710	451 349 661	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2016 R (Actual)</b>	<b>2016 R (Final Budget)</b>	<b>2016 R (Variance)</b>	<b>Explanations for material variances</b>
<b>REVENUE BY SOURCE</b>				
Property rates	26 031 092	26 186 768	(155 676)	
Property rates - penalties & collection charges	553 226	620 000	(66 774)	
Service charges	97 607 887	105 871 925	(8 264 038)	Less income received from electricity than anticipated
Rental of facilities and equipment	1 084 577	1 224 916	(140 339)	
Interest earned - external investments	1 883 282	1 240 000	643 282	More cash available to be invested
Interest earned - outstanding debtors	2 040 656	2 135 000	(94 344)	
Fines	59 216 575	46 057 550	13 159 025	More fines revenue recognised into IGRAP1
Licences and permits	563 139	588 150	(25 011)	
Agency services	659 511	670 000	(10 489)	
Government Grants and Subsidies - Operating	96 001 801	95 975 961	25 840	
Other revenue	9 911 513	7 314 104	2 597 409	Mainly sold of municipal land and buildings (Kwa-Mand Clinic)
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>295 553 259</b>	<b>287 884 374</b>	<b>7 668 885</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	79 879 435	81 281 167	(1 401 732)	Mainly due to vacancies
Remuneration of councillors	4 522 248	4 775 884	(253 636)	Mainly due to few resignations
Debt impairment	68 252 205	37 233 014	31 019 191	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	15 347 372	16 064 002	(716 630)	Underspent on capital budget
Finance charges	5 754 200	1 538 883	4 215 317	Additional interest on non-current provisions and employee benefits
Bulk purchases	56 581 582	57 254 600	(673 018)	
Other materials	24 107 663	26 609 944	(2 502 281)	Less repairs due to cash flow
Contracted services	11 248 711	8 697 028	2 551 683	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	34 879	60 000	(25 121)	
Impairments	-	-	-	
Other expenditure	53 580 980	66 790 527	(13 209 547)	Less expenditure due to cash flow
Loss on disposal of PPE	23 278	-	23 278	
<b>Total Operating Expenditure</b>	<b>319 332 553</b>	<b>300 305 049</b>	<b>19 027 504</b>	
<b>Operating Deficit for the year</b>	<b>(23 779 294)</b>	<b>(12 420 675)</b>	<b>(11 358 619)</b>	
Government Grants and Subsidies - Capital	14 556 431	28 651 161	(14 094 730)	Less capital grants received and expensed than anticipated
<b>Net Surplus/(Deficit) for the year</b>	<b>(9 222 862)</b>	<b>16 230 486</b>	<b>(25 453 348)</b>	



**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	26 186 768	-	26 186 768	
Property rates - penalties & collection charges	620 000	-	620 000	
Service charges	103 838 449	2 033 476	105 871 925	Anticipated more electricity sales
Rental of facilities and equipment	1 145 792	79 124	1 224 916	
Interest earned - external investments	1 240 000	-	1 240 000	
Interest earned - outstanding debtors	2 135 000	-	2 135 000	
Fines	16 135 050	29 922 500	46 057 550	Due to implementation of IGRAP1 on traffic fines
Licences and permits	588 150	-	588 150	
Agency services	670 000	-	670 000	
Government Grants and Subsidies - Operating	98 681 000	(2 705 039)	95 975 961	Less grants received
Other revenue	5 937 104	1 377 000	7 314 104	Additional income from sale of land and buildings
<b>Total Operating Revenue</b>	<b>257 177 313</b>	<b>30 707 061</b>	<b>287 884 374</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	81 529 399	(248 232)	81 281 167	
Remuneration of councillors	4 775 884	-	4 775 884	
Debt impairment	7 191 014	30 042 000	37 233 014	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	16 064 002	-	16 064 002	
Finance charges	1 538 883	-	1 538 883	
Bulk purchases	57 254 600	-	57 254 600	
Other materials	28 354 544	(1 744 600)	26 609 944	Due to cash flow constraints
Contracted services	4 750 820	3 946 208	8 697 028	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	60 000	-	60 000	
Other expenditure	67 195 753	(405 226)	66 790 527	
<b>Total Operating Expenditure</b>	<b>268 714 899</b>	<b>31 590 150</b>	<b>300 305 049</b>	
<b>Operating Deficit for the year</b>	<b>(11 537 586)</b>	<b>(883 089)</b>	<b>(12 420 675)</b>	
Government Grants and Subsidies - Capital	16 643 000	12 008 161	28 651 161	Additional grants received
<b>Net Surplus for the year</b>	<b>5 105 414</b>	<b>11 125 072</b>	<b>16 230 486</b>	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	201 328 088	151 235 555	50 092 533	Movement of prior year outstanding traffic fines revenue
Government - operating	107 960 992	93 878 905	14 082 087	More grants received than anticipated
Government - capital	14 486 188	26 908 000	(12 421 812)	Mainly unspent capital grant expenditure re grant revenue
Interest	3 923 938	3 375 000	548 938	Increase in cash available for investments
<b>Payments</b>				
Suppliers and Employees	(302 282 704)	(243 761 819)	(58 520 885)	Mainly due to movement in Trade Payables, Unspent Grants, Debt Impairment
Finance charges	(5 754 200)	(1 538 883)	(4 215 317)	Additional interest on non-current provisions and employee benefits
Transfers and Grants	(34 879)	(60 000)	25 121	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>19 627 424</b>	<b>30 036 758</b>	<b>(10 409 335)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	(0)	-	(0)	
Decrease/(increase) in non-current receivables	(112 358)	(104 129)	(8 229)	
Decrease/(increase) in non-current debtors	-	-	-	
<b>Payments</b>				
Capital assets	(18 486 676)	(36 428 829)	17 942 153	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(18 599 033)</b>	<b>(36 532 958)</b>	<b>17 933 924</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	2 802 456	-	2 802 456	Take up of new loan
Increase/(decrease) in consumer deposits	-	147 000	(147 000)	
<b>Payments</b>				
Repayment of borrowing	(4 002 908)	(983 889)	(3 019 019)	Take up of new loan
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 200 452)</b>	<b>(836 889)</b>	<b>-363 563</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(172 062)</b>	<b>(7 333 088)</b>	<b>7 161 026</b>	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	13 116 372	13 116 372	-	
Cash and Cash Equivalents at the end of the year	12 944 325	5 783 284	7 161 041	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	149 107 417	2 128 138	151 235 555	Anticipated more electricity sales
Government - operating	98 681 000	(4 802 095)	93 878 905	Less grants received
Government - capital	16 643 000	10 265 000	26 908 000	Additional grants received
Interest	3 375 000	-	3 375 000	
<b>Payments</b>				
Suppliers and Employees	(243 861 000)	99 181	(243 761 819)	
Finance charges	(1 538 883)	-	(1 538 883)	
Transfers and Grants	(60 000)	-	(60 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>22 346 534</b>	<b>7 690 224</b>	<b>30 036 758</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Decrease/(increase) in non-current receivables	-	(104 129)	(104 129)	
<b>Payments</b>				
Capital assets	(20 024 200)	(16 404 629)	(36 428 829)	Additional grants received
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(20 024 200)</b>	<b>(16 508 758)</b>	<b>(36 532 958)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	147 000	147 000	
<b>Payments</b>				
Repayment of borrowing	(1 977 698)	993 809	(983 889)	Take up of new loan
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 977 698)</b>	<b>1 140 809</b>	<b>(836 889)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>344 636</b>	<b>(7 677 724)</b>	<b>(7 333 088)</b>	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	3 609 746	9 506 626	13 116 372	
Cash and Cash Equivalents at the end of the year	3 954 382	1 828 902	5 783 284	
	-	-	-	

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act no 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality did not elect to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

**1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

**1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual Amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2015/16 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 20</b> <b>(Original – June 2011)</b>	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 32</b> <b>(Original – Aug 2013)</b>	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>
<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<b>Unknown</b>
<b>GRAP 109</b>	<p><b>Accounting by Principles and Agents</b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>IGRAP17</b>	<p><b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b></p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.9. RESERVES**

### **1.9.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

### **1.9.2 Housing Development Fund**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### **1.9.3 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
- The Council determines annually to contribute to the Self Insurance Reserve.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
  - Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
  - Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.
  - Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of Financial Performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of Changes in Net Assets.
  - Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

**1.10. LEASES**

**1.10.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.10.2 Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.11. BORROWING COST**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

**1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met, are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.14. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met, are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**1.15. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

**1.16. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

**1.16.1 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.16.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.16.3 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**1.16.4 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrues to employees. The liability at year end is based on bonus accrued at year-end for each employee.

**1.16.5 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.16.6 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.17. PROPERTY, PLANT AND EQUIPMENT**

**1.17.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.17.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**1.17.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	5-130	Buildings	30-105
Pedestrian Malls	10-30	Specialist vehicles	3-70
Electricity	6-130	Other vehicles	3-70
Water	10-130	Office equipment	3-25
Sewerage	10-130	Furniture and fittings	2-30
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	10-105	Equipment	3-40
Recreational Facilities	15-105	Other plant and	
Security	30	Equipment	3-40
Halls	30-105	Landfill sites	10-100
Libraries	20-105	Quarries	5-25
Parks and gardens	20-105	Emergency equipment	3-30
Other assets	10-105	Computer equipment	3-20
<b><u>Finance lease assets</u></b>			
Office equipment	3-7		
Other assets	3-7		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.17.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.17.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

**1.18. INTANGIBLE ASSETS**

**1.18.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.18.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.18.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b>Intangible Assets</b>	<b>Years</b>
Computer Software	3 - 10

**1.18.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18.5 Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

**1.19. INVESTMENT PROPERTY**

**1.19.1 Initial Recognition**

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.19.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.19.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

**1.19.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.20 HERITAGE ASSETS**

**1.20.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.20.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.20.3 Depreciation and Impairment**

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.20.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.20.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.21.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - Cessation, or near cessation, of the demand or need for services provided by the asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
  - Evidence is available of physical damage of an asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
  - A decision to halt the construction of the asset before it is complete or in a usable condition.
  - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.22. INVENTORIES**

**1.22.1 Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.22.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**1.23.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.23.2 Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.23.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate,

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2 Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.23.2.4 Non-Current Investments**

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.23.3 De-recognition of Financial Instruments**

**1.23.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4 *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.24 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.24.1 *Initial Recognition***

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**1.24.2 *Measurement***

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

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- (a) interest or other charges that may have accrued on the receivable;
  - (b) impairment losses; and
  - (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.24.3 De-recognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) de-recognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

**1.25. REVENUE**

**1.25.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.25.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.26. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- (a) all members of the governing body of the Municipality;
  - (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
  - (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
  - (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Remuneration of Public Office Bearers Act (Act. No. 20 of 1998), or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**1.31.1 *Post-retirement medical obligations and Long service awards***

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.31.2 *Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.31.3 *Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.31.4 Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**1.31.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.31.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**1.31.7 Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.31.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.31.9 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.31.10 Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

**1.31.11 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

**1.31.12 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.34. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

**1.35. TAXATION**

**1.35.1 *Current tax assets and liabilities***

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

**1.35.2 *Deferred tax assets and liabilities***

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

**1.35.3 *Tax expenses***

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	6 984 064	15 750 287
Capital Replacement Reserve	3 078 397	10 491 152
Housing Development Fund	3 903 397	4 062 271
Self Insurance Reserve	2 270	1 196 864
<b>Total Net Asset Reserve and Liabilities</b>	<b>6 984 064</b>	<b>15 750 287</b>

The above balances are represented by cash of R223 521 for the current year and R219 642 (2015) and is invested together with the other investments of the municipality (See Note 42)

	2016 R	2015 R
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	12 811 532	12 023 739
Balance previously reported	-	12 028 075
Correction of Error - Note 39.05	-	(4 336)
Capitalised Lease Liability - At amortised cost	1 294 082	3 282 326
	<b>14 105 614</b>	<b>15 306 065</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>3 084 076</b>	<b>3 763 632</b>
Annuity Loans - At amortised cost	2 101 156	1 575 262
Capitalised Lease Liability - At amortised cost	982 921	2 188 370
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>11 021 537</b>	<b>11 542 433</b>

Annuity loans at amortised cost is calculated at 6.8%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 30 May 2019. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

	2016 R	2015 R
Payable within one year	3 365 535	2 779 743
Payable within two to five years	9 503 588	7 479 172
Payable after five years	7 482 578	9 872 319
	20 351 702	20 131 235
<b>Less:</b> Future finance obligations	(7 540 170)	(8 103 160)
<b>Present value of annuity obligations</b>	<b>12 811 532</b>	<b>12 028 075</b>

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

	2016 R	2015 R
Payable within one year	1 045 984	2 382 345
Payable within two to five years	327 741	1 148 367
Payable after five years	-	-
	1 373 725	3 530 712
<b>Less:</b> Future finance obligations	(79 643)	(248 386)
<b>Present value of lease obligations</b>	<b>1 294 082</b>	<b>3 282 326</b>

Leases are secured by property, plant and equipment - Note 13

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**3 LONG TERM LIABILITIES (CONTINUED)**

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
Eqstra	CZ 8282 Isuzu KB250D Fleetside A/c P/u S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8340 Isuzu KB250D Fleetside A/c P/u S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8341 Isuzu KB250D Fleetside A/c P/u S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8343 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8408 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8410 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8414 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8415 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8418 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8419 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8421 Toyota Yaris Zen3 Acs	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8422 Toyota Yaris Zen3 Acs	8.50%	0%	3 Years	2016/04/30
Panasonic	Machine Photocopy Kyocera Fs1128	9.00%	0%	5 Years	2016/08/30
Panasonic	Machine Photocopy Kyocera Fs 6025	9.00%	0%	5 Years	2016/07/30
Panasonic	PABX Telephone System	9.00%	15%	5 Years	2016/03/30
Panasonic	CCTV Camera's	20.50%	0%	3 Years	2015/09/30
Eqstra	CZ 2078 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 2477 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 4155 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8684 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8685 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8686 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8687 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 5753 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 5136 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 6192 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8563 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/06/30
Eqstra	CZ 1096 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Eqstra	CZ 5366 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 4898 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 4296 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 2295 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 1461 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 8728 Sedan Toyota Etios	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 6743 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Wesbank	CZ 3697 Truck Nissan UD 90B F/C C/C	8.50%	0%	3 Years	2017/01/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Eqstra	CZ 9005 Isuzu KB250D Leed Fleetside P/u S	9.00%	0%	3 Years	2017/05/30
Eqstra	CZ 4033 Isuzu KB250D Leed Fleetside P/u S/C	9.25%	0%	3 Years	2017/09/30
Fintech	Machine Franking Neopost IJ - 40	9.25%	0%	3 Years	2017/06/30
Nashua	Machine Photocopy Nashua MP 2501SPF	9.25%	0%	3 Years	2017/11/10
Nashua	Machine Photocopy Nashua MPC6502SP	9.25%	0%	3 Years	2018/03/30
Eqstra	CZ 7488 Isuzu KB 250D Leed Fleetside P/U S/C	9.25%	0%	3 Years	2018/04/30
Eqstra	CZ 9327 Isuzu KB 250D Leed Fleetside P/U S/C	9.25%	0%	3 Years	2018/04/30
Minolta	Machine Photocopy Samsung Pro Xpress	9.75%	0%	3 Years	2018/10/30
Nashua	Machine Photocopy Nashua	9.50%	0%	3 Years	2018/08/30
Eqstra	CZ 2168 Sedan Toyota ETIO'S	9.25%	0%	3 Years	2018/08/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Nashua	Machine Photocopy MPC2003SP	9.75%	0%	3 Years	2018/10/30

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

			2016 R	2015 R
4	<b>EMPLOYEE BENEFITS</b>	<b>Notes</b>		
	Post Retirement Benefits	4.1	26 108 508	24 304 277
	Long Service Awards	4.2	3 723 388	3 361 279
	Pension Murraysburg		24 781	23 756
	<b>Total Non-current Employee Benefit Liabilities</b>		<b>29 856 677</b>	<b>27 689 312</b>
	<b><u>Post Retirement Benefits</u></b>			
	Balance 1 July		25 147 337	23 541 177
	Contribution for the year		(854 217)	(856 858)
	Expenditure for the year		3 091 258	2 857 764
	Actuarial Loss/(Gain)		(429 270)	(394 746)
	<b>Total post retirement benefits 30 June</b>		<b>26 955 108</b>	<b>25 147 337</b>
	<b>Less:</b> Transfer of Current Portion	7	(846 600)	(843 060)
	<b>Balance 30 June</b>		<b>26 108 508</b>	<b>24 304 277</b>
	<b><u>Long Service Awards</u></b>			
	Balance 1 July		3 826 752	3 568 981
	Contribution for the year		(308 833)	(473 104)
	Expenditure for the year		604 046	552 132
	Actuarial Loss/(Gain)		(77 335)	178 743
	<b>Total long service 30 June</b>		<b>4 044 630</b>	<b>3 826 752</b>
	<b>Less:</b> Transfer of Current Portion	7	(321 242)	(465 473)
	<b>Balance 30 June</b>		<b>3 723 388</b>	<b>3 361 279</b>
	<b><u>Pension Murraysburg</u></b>			
	Balance 1 July		23 756	30 393
	Expenditure for the year		1 025	(6 637)
	<b>Balance 30 June</b>		<b>24 781</b>	<b>23 756</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>			
	Balance 1 July		28 997 845	27 140 551
	Contribution for the year		(1 163 050)	(1 329 963)
	Expenditure for the year		3 696 329	3 403 259
	Actuarial Loss/(Gain)		(506 605)	(216 003)
	<b>Total employee benefits 30 June</b>		<b>31 024 519</b>	<b>28 997 845</b>
	<b>Less:</b> Transfer of Current Portion	7	(1 167 842)	(1 308 533)
	<b>Balance 30 June</b>		<b>29 856 677</b>	<b>27 689 312</b>
4.1	<b>Post Retirement Benefits</b>			
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
	In-service (employee) members		56	56
	In-service (employee) non-members		284	299
	Continuation members (e.g. Retirees, widows, orphans)		26	25
	<b>Total Members</b>		<b>366</b>	<b>380</b>
	The liability in respect of past service has been estimated to be as follows:			
	In-service (employees) members		11 420 656	10 307 427
	In-service (employees) non-members		3 040 795	2 809 035
	Continuation (retirees and widows) members		12 493 657	12 030 875
	<b>Total Liability</b>		<b>26 955 108</b>	<b>25 147 337</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4 EMPLOYEE BENEFITS (CONTINUED)**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	<b>2014 R</b>	<b>2013 R</b>	<b>2012 R</b>
In-service members	8 824 030	7 815 266	8 183 241
Continuation members	2 666 600	1 997 976	2 080 071
Continuation (retirees and widows) members	12 050 547	10 165 274	11 261 395
<b>Total Liability</b>	<b>23 541 177</b>	<b>19 978 516</b>	<b>21 524 707</b>

Experience adjustments were calculated as follows:

	<b>2016 Rm</b>	<b>2015 Rm</b>
Liabilities: (Gain) / loss	(0.427)	(0.104)
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	<b>2014 Rm</b>	<b>2013 Rm</b>	<b>2012 Rm</b>
Liabilities: (Gain) / loss	1.004	(3.061)	1.678
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health;  
Samwumed; and  
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2016 is estimated at R26 955 108. The Current-service Cost for the year ending 30 June 2016 is estimated at R891 406. It is estimated to be R948 164 for the ensuing year.

Key actuarial assumptions used:

	<b>2016 %</b>	<b>2015 %</b>
<b>i) Rate of interest</b>		
Discount rate	9.05%	8.89%
Health Care Cost Inflation Rate	8.17%	8.01%
Net Effective Discount Rate	0.82%	0.82%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping".

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

**The amounts recognised in the Statement of Financial Position are as follows:**

	<b>2016 R</b>	<b>2015 R</b>
Present value of fund obligations	26 955 108	25 147 337
<b>Total Liability</b>	<b>26 955 108</b>	<b>25 147 337</b>

The fund is wholly unfunded.



**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

4	<b>EMPLOYEE BENEFITS (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	<b>Reconciliation of present value of fund obligation:</b>		
	Present value of fund obligation at the beginning of the year	25 147 337	23 541 177
	Total expenses	2 237 041	2 000 906
	Current service cost	891 406	793 176
	Interest Cost	2 199 852	2 064 588
	Benefits Paid	(854 217)	(856 858)
	Actuarial (gains)/losses	(429 270)	(394 746)
	Present value of fund obligation at the end of the year	26 955 108	25 147 337
	<b>Less:</b> Transfer of Current Portion - Note 7	(846 600)	(843 060)
	<b>Balance 30 June</b>	<b>26 108 508</b>	<b>24 304 277</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
<b>Central Assumptions</b>		14.461	12.494	26.955	
Health care inflation		17.435	13.853	31.288	16%
Health care inflation		12.103	11.331	23.434	-13%
Discount Rate		12.138	11.348	23.486	-13%
Discount Rate		17.440	13.855	31.295	16%
Post-retirement mortality	-1 year	14.977	12.991	27.968	4%
Average retirement age	-1 year	15.465	12.494	27.959	4%
Continuation of membership at retirement		10.343	12.494	22.836	-15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		891 400	2 199 900	3 091 300	
Health care inflation		1 113 200	2 556 400	3 669 600	19%
Health care inflation		720 000	1 910 100	2 630 100	-15%
Discount rate		729 200	2 129 900	2 859 100	-8%
Discount rate		1 103 300	2 269 400	3 372 700	9%
Post-retirement mortality	-1 year	922 000	2 284 000	3 206 000	4%
Average retirement age	-1 year	964 200	2 281 600	3 245 800	5%
Continuation of membership at retirement		558 500	1 863 400	2 421 900	-22%

<b>4.2</b>	<b>Long Service Bonuses</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>

The Long Service Bonus plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2016 is estimated at R4 044 630. The Current-service Cost for the year ending 30 June 2016 is estimated at R315 183. It is estimated to be R334 569 for the ensuing year.

Key actuarial assumptions used:

**i) Rate of interest**

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Discount rate	8.57%	8.03%
General Salary Inflation (long-term)	7.23%	7.08%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25%	0.89%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping".

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4 EMPLOYEE BENEFITS (CONTINUED)**

The amounts recognised in the Statement of Financial Position are as follows:

	2016 R	2015 R
Present value of fund obligations	4 044 630	3 826 752
<b>Net liability/(asset)</b>	<b>4 044 630</b>	<b>3 826 752</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Present value of fund obligations	3 568 981	3 478 317	3 246 547
<b>Total Liability</b>	<b>3 568 981</b>	<b>3 478 317</b>	<b>3 246 547</b>

Experience adjustments were calculated as follows:

	2016 R	2015 R
Liabilities: (Gain) / loss	33 820	133 705
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	(124 179)	(110 128)	(5 747)
Assets: Gain / (loss)	-	-	-

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 826 752	3 568 981
Total expenses	295 213	79 028
Current service cost	315 183	283 215
Interest Cost	288 863	268 917
Benefits Paid	(308 833)	(473 104)
Actuarial (gains)/losses	(77 335)	178 743
Present value of fund obligation at the end of the year	4 044 630	3 826 752
<b>Less:</b> Transfer of Current Portion - Note 7	(321 242)	(465 473)
<b>Balance 30 June</b>	<b>3 723 388</b>	<b>3 361 279</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		4,045	
General salary inflation	1%	4,316	7%
General salary inflation	-1%	3,799	-6%
Discount Rate	1%	3,788	-6%
Discount Rate	-1%	4,333	7%
Average retirement age	-2 yrs	3,426	-15%
Average retirement age	2 yrs	4,736	17%
Withdrawal rates	-50%	4,712	16%

**Sensitivity Analysis on Current-service and Interest Costs for year ending 30/06/2015**

Assumption	Change	Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		315 200	288 900	604 100	
General salary inflation		343 700	309 800	653 500	8%
General salary inflation		289 900	270 000	559 900	-7%
Discount rate		291 700	302 600	594 300	-2%
Discount rate		342 100	272 400	614 500	2%
Average retirement age	- 2 years	276 400	245 300	521 700	-14%
Average retirement age	+2 years	362 000	338 500	700 500	16%
Withdrawal rates		413 000	342 200	755 200	25%

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

4	<b>EMPLOYEE BENEFITS (CONTINUED)</b>	<b>2016 R</b>	<b>2015 R</b>
4.3	<b>Retirement funds</b>		
	<p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although the Cape Joint Retirement Fund is a Multi-Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p>		
	<b><u>CAPE RETIREMENT FUND</u></b>		
	<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.2% (30 June 2014 - 100.2%).</p>		
	<b><u>CAPE JOINT PENSION FUND</u></b>		
	<p>The contribution rate payable is 9% by members and 18% by Council. The latest available actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 106.2% (30 June 2013 - 99.7%).</p>		
	<b><u>SALA PENSION FUND</u></b>		
	<p>The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2014 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p>		
	<b><u>SAMWU PROVIDENT FUND</u></b>		
	<p>The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2014 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p>		
5	<b>NON-CURRENT PROVISIONS</b>	<b>2016 R</b>	<b>2015 R</b>
	Provision for Rehabilitation of Landfill-sites	20 049 341	24 876 582
	<b>Total Non-current Provisions</b>	<b>20 049 341</b>	<b>24 876 582</b>
	<p>The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.</p>		
	<b><u>Landfill Sites</u></b>	<b>Notes</b>	
	Balance 1 July	24 876 582	24 219 012
	Balance previously reported		5 676 153
	Correction of Error - Note 39.03		(5 676 153)
	Correction of Error - Note 39.03		24 219 012
	Increase in Estimate	(1 038 250)	(610 942)
	Balance previously reported		3 627 969
	Correction of Error - Note 39.03		(3 627 969)
	Correction of Error - Note 39.03		(610 942)
	Unwinding of discounted interest	1 475 727	1 268 512
	Balance previously reported		297 376
	Correction of Error - Note 39.03		(297 376)
	Correction of Error - Note 39.03		1 268 512
	<b>Total provision 30 June</b>	<b>25 314 058</b>	<b>24 876 582</b>
	<b>Less:</b> Transfer of Current Portion to Provisions	(5 264 718)	-
	Balance previously reported		(4 399 815)
	Correction of Error - Note 39.03		4 399 815
	<b>Balance 30 June</b>	<b>20 049 341</b>	<b>24 876 582</b>
	<b><u>Location</u></b>	<b><u>Cost of rehabilitation</u></b>	<b><u>Cost of rehabilitation</u></b>
		<b>2016 R</b>	<b>2015 R</b>
	Beaufort West	13 540 170	13 496 591
	Murraysburg	5 264 718	5 116 467
	Nelspoort	3 589 580	3 459 147
	Merweville	2 919 590	2 804 377
		<b>25 314 058</b>	<b>24 876 582</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5 NON-CURRENT PROVISIONS (CONTINUED)

Material Assumptions used

	2016	2015
Discount Rate used	5.93%	5.24%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

	2016 R	2015 R
Water & Electricity	1 292 897	1 227 349
<b>Total Consumer Deposits</b>	<b>1 292 897</b>	<b>1 227 349</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Current Portion of Post Retirement Benefits - Note 4	846 600	843 060
Current Portion of Long-Service Provisions - Note 4	321 242	465 473
Performance Bonuses	593 065	560 850
Bonuses	2 004 896	1 886 650
Staff Leave	4 635 616	4 223 673
<b>Total Current Employee Benefits</b>	<b>8 401 419</b>	<b>7 979 706</b>

The movement in current employee benefits are reconciled as follows:

Provision for Performance Bonuses

Balance at beginning of year	560 850	481 518
Contribution to current portion	512 366	471 763
Expenditure incurred	(480 151)	(392 431)
<b>Balance at end of year</b>	<b>593 065</b>	<b>560 850</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

Bonuses

Balance at beginning of year	1 886 650	1 753 146
Contribution to current portion	3 822 031	3 415 686
Expenditure incurred	(3 703 785)	(3 282 182)
<b>Balance at end of year</b>	<b>2 004 896</b>	<b>1 886 650</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year-end represents a portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Provision for Staff Leave

Balance at beginning of year	4 223 673	4 016 026
Contribution to current portion	761 004	622 106
Expenditure incurred	(349 061)	(414 459)
<b>Balance at end of year</b>	<b>4 635 616</b>	<b>4 223 673</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>8 PROVISIONS</b>		
Current Portion of Rehabilitation of Landfill-sites - Note 5	5 264 718	-
Balance previously reported		4 399 815
Correction of Error - Note 39.03		(4 399 815)
<b>Total Provisions</b>	<b>5 264 718</b>	<b>-</b>

	2016 R	2015 R
<b>9 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	13 170 811	21 004 023
Balance previously reported	-	27 075 160
Correction of error - Note 39.07	-	(6 071 137)
Deposits: Other	1 404 257	1 255 460
Retention	2 746 250	4 223 421
Payments received in advance	169 472	276 887
Receivable accounts with credit balances	3 350 701	2 500 017
Sundry Creditors	2 520 539	1 882 425
Pensionfund SALA	1 364 084	1 784 084
<b>Total Trade Payables</b>	<b>24 726 114</b>	<b>32 926 317</b>

Payables are not being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

All payments are unsecured.

	2016 R	2015 R
<b>10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
<b>Unspent Grants</b>	11 091 768	4 709 333
National and Provincial Government Grants	11 091 768	4 709 333
<b>Less:</b> Unpaid Grants	701 267	1 614 319
National and Provincial Government Grants	701 267	1 614 319
<b>Total Conditional Grants and Receipts</b>	<b>10 390 501</b>	<b>3 095 014</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Grants amounting to R112 708 were withheld.

**10.01 Equitable share**

Grants received	44 160 000	38 990 000
Conditions met - Operating	(44 160 000)	(38 990 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

**10.02 National Grants**

Opening balance	(855 507)	4 437 361
Grants received	30 351 925	36 868 000
Interest on investment (Only if condition)	-	-
Net Transfers	(20 000)	-
Conditions met - Own Income	(2 579 536)	(4 826 416)
Conditions met - Operating	(19 050 501)	(27 540 763)
Conditions met - Capital	(483 671)	(9 793 690)
Conditions still to be met	7 362 711	(855 507)

National Grants received with conditions to be met.

**10.03 Provincial Grants**

Opening balance	3 994 210	2 073 899
Grants received	31 971 250	24 935 085
Interest on investment (Only if condition)	306 176	226 238
Conditions met - Own Income	(850 928)	(314 026)
Conditions met - Operating	(31 964 515)	(9 394 972)
Conditions met - Capital	(1 806 720)	(13 419 318)
Refund to Donor	-	(112 708)
Conditions still to be met	1 669 473	3 994 199

Provincial Grants received with conditions to be met.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>10</b>		<b>2016</b>	<b>2015</b>
	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS (continued)</b>	<b>R</b>	<b>R</b>
<b>10.04</b>	<b>Municipal Infrastructure Grant</b>		
	Opening balance	(165 576)	(165 576)
	Grants received	15 647 000	16 745 000
	Nett Transfers	-	-
	Conditions met - Own Income	(1 663 161)	(2 034 320)
	Conditions met - Operating	(264 150)	(271 205)
	Conditions met - Capital	(12 195 798)	(14 439 475)
	Conditions still to be met	<u>1 358 316</u>	<u>(165 576)</u>
	Municipal Infrastructure Grant received with conditions to be met.		
<b>10.05</b>	<b>Local Economic Development</b>		
	Opening balance	34 929	32 944
	Interest on investment (Only if condition)	21 454	1 982
	Conditions met - Own Income	<u>(56 383)</u>	<u>-</u>
	Conditions still to be met	<u>-</u>	<u>34 926</u>
	Local Economic Development received with conditions to be met.		
<b>10.06</b>	<b>ESKOM</b>		
	Opening balance		
	Grants received	317 005	225 695
	Interest on investment (Only if condition)		
	Nett Transfers		
	Conditions met - Own Income	(4 368)	
	Conditions met - Operating	<u>(312 637)</u>	<u>(225 695)</u>
	Conditions still to be met	<u>-</u>	<u>-</u>
<b>10.07</b>	<b>Central Karoo District Municipality Funds</b>		
	Opening balance	86 971	86 554
	Grants received	-	359 775
	Interest on investment (Only if condition)	303	417
	Nett Transfers	-	-
	Conditions met - Own Income	(87 274)	-
	Conditions met - Operating	-	(359 775)
	Conditions still to be met	<u>0</u>	<u>86 971</u>
	Central Karoo District Municipality Funds received with conditions to be met.		
<b>10.08</b>	<b>Public Contributions</b>		
	Opening balance	145 955	139 052
	Grants received	250 000	-
	Interest on investment (Only if condition)	6 742	6 903
	Nett Transfers	-	-
	Conditions met - Own Income	(1 707)	-
	Conditions met - Operating	(250 000)	-
	Conditions met - Capital	(70 243)	-
	Conditions still to be met	<u>80 747</u>	<u>145 955</u>
	Public Contributions received with conditions to be met.		
<b>10.09</b>	<b>Total Conditional Grants and Receipts</b>		
	Opening balance	3 240 983	6 604 236
	Grants received	78 537 181	78 907 860
	Interest on investment (Only if condition)	334 675	235 539
	Nett Transfers	-	-
	Conditions met - Own Income	(5 243 357)	(7 174 761)
	Conditions met - Operating	(51 841 803)	(37 566 715)
	Conditions met - Capital	(14 556 431)	(37 652 483)
	Refund to Donor	-	(112 708)
	Conditions still to be met	<u>10 471 246</u>	<u>3 240 968</u>
	Total Conditional Grants and Receipts received with conditions to be met.		

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**11 UNSPENT PUBLIC CONTRIBUTIONS**

**Unspent Public Contribution**

80 747                      145 955

Public Contributions and Receipts  
Other Sources

80 747	145 955
-	-

The Unspent Public Contributions are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**12 TAXES**

**2016                      2015**  
**R                              R**

VAT  
Provision for Debt Impairment of trade receivables from exchange transactions

452 005	2 372 612
9 895 951	4 071 847
<u>10 347 956</u>	<u>6 444 459</u>

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/ Transfers R	Closing Balance R	R
30 June 2016											
Land and Buildings	109 349 864	1 543 564	-	-	110 893 428	9 465 481	1 457 149	666 595	-	2 123 745	99 304 203
Land	43 216 280	-	-	-	43 216 280	8 196 620	-	-	-	-	35 019 660
Buildings	66 133 584	1 543 564	-	-	67 677 148	1 268 861	1 457 149	666 595	-	2 123 745	64 284 543
Infrastructure	390 955 454	10 106 448	4 781 727	-	405 843 629	-	64 734 679	11 097 056	-	75 831 735	330 011 894
Stormwater Network	40 768 815	81 148	-	-	40 849 963	-	9 884 146	1 453 261	-	11 337 407	29 512 556
Road Network	125 461 379	1 424 967	2 265 301	-	129 151 648	-	22 387 983	3 488 950	-	25 876 933	103 274 715
Sanitation Network	72 799 894	8 136 231	-	-	80 936 124	-	8 324 904	1 765 087	-	10 089 991	70 846 134
Electricity Network	87 371 893	211 988	2 406 167	-	89 990 048	-	9 036 568	2 166 028	-	11 202 596	78 787 452
Water Network	62 671 400	252 114	110 258	-	63 033 772	-	14 710 784	2 178 557	-	16 889 341	46 144 431
Refuse Network	1 882 073	-	-	-	1 882 073	-	390 295	45 172	-	435 467	1 446 606
Community Assets	16 495 768	-	-	-	16 495 768	557 800	2 146 350	429 116	-	2 575 467	13 362 501
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 366	167	-	1 533	15 667
Community centrums	9 196 783	-	-	-	9 196 783	349 709	1 371 043	259 959	-	1 631 002	7 216 072
Recreation sites	6 724 308	-	-	-	6 724 308	186 621	727 762	163 094	-	890 856	5 646 831
Libraries	557 477	-	-	-	557 477	21 470	46 179	5 897	-	52 076	483 931
Lease Assets	7 026 946	243 958	-	-	7 270 904	-	2 990 509	1 308 725	-	4 299 234	2 971 670
Office Equipment (Lease)	1 079 093	129 667	-	-	1 208 760	-	465 283	184 121	-	649 404	559 356
Vehicles (Lease)	5 947 853	114 291	-	-	6 062 144	-	2 525 226	1 124 603	-	3 649 830	2 412 314
Other Assets	18 921 351	1 469 395	66 742	(68 338)	20 389 149	-	8 720 071	1 319 352	(45 061)	9 994 363	10 394 787
Computer hardware	3 251 026	291 781	-	(59 457)	3 483 349	-	1 615 025	289 342	(40 756)	1 863 611	1 619 738
Air conditioners	634 071	62 650	-	(961)	695 760	-	399 640	37 780	(442)	436 978	258 782
Chairs	348 228	6 790	-	-	355 018	-	218 417	19 227	-	237 644	117 374
Concrete Mixer	11 938	-	-	-	11 938	-	9 667	284	-	9 951	1 987
Desks & Tables	403 701	7 755	-	-	411 456	-	231 330	26 180	-	257 510	153 946
Compactors	30 731	-	-	-	30 731	-	25 472	728	-	26 200	4 531
Compressors	218 751	-	-	-	218 751	-	65 047	9 450	-	74 497	144 254
Tools	1 099 651	325 898	-	-	1 425 548	-	512 109	88 625	-	600 735	824 814
Electronic Equipment	853 695	132 567	-	-	986 262	-	465 295	58 628	-	523 923	462 338
Fire Brigade Equipment	156 700	-	-	-	156 700	-	51 319	6 535	-	57 854	98 846
Lawn Equipment	300 590	3 510	-	-	304 100	-	210 018	11 509	-	221 527	82 573
Trucks/LDV	6 025 601	-	-	-	6 025 601	-	2 497 514	357 149	-	2 854 664	3 170 938
Motor Vehicles	433 061	200 227	66 742	-	700 030	-	221 021	32 088	-	253 109	446 921
Office Equipment	872 369	187 463	-	(805)	1 059 027	-	421 495	68 492	(378)	489 609	569 418
Office Furniture	973 741	215 161	-	(7 092)	1 181 811	-	541 532	68 567	(3 474)	606 625	575 186
Trailers	661 840	35 593	-	-	697 433	-	309 778	52 731	-	362 509	334 924
Tracktors	1 436 524	-	-	-	1 436 524	-	423 917	90 771	-	514 688	921 836
Toolbox	360 314	-	-	-	360 314	-	194 391	25 213	-	219 604	140 710
Gym Equipment	411 878	-	-	-	411 878	-	75 835	53 137	-	128 972	282 907
Generators	187 130	-	-	-	187 130	-	68 000	7 676	-	75 677	111 453
Radio Equipment	249 811	-	-	(24)	249 787	-	163 250	15 240	(11)	178 479	71 308
	542 749 382	13 363 366	4 848 469	(68 338)	560 892 879	10 023 281	80 048 759	14 820 845	(45 061)	94 824 543	456 045 055



BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/ Transfers R	Closing Balance R	R
30 June 2015											
Land and Buildings	57 818 154	52 000 000	-	(468 290)	109 349 864	9 969 999	1 044 597	432 892	(20 340)	1 457 149	97 922 716
Land	43 445 230	-	-	(228 950)	43 216 280	8 698 520	-	-	-	-	34 517 760
Buildings	14 372 924	52 000 000	-	(239 340)	66 133 584	1 271 479	1 044 597	432 892	(20 340)	1 457 149	63 404 956
Infrastructure	353 516 220	37 439 234	-	-	390 955 454	-	53 948 772	10 785 907	-	64 734 679	326 220 775
Stormwater Network	40 417 967	350 848	-	-	40 768 815	-	8 343 368	1 540 779	-	9 884 146	30 884 669
Road Network	117 813 657	7 647 722	-	-	125 461 379	-	18 969 698	3 418 284	-	22 387 983	103 073 397
Sanatation Network	57 194 323	15 605 570	-	-	72 799 894	-	6 692 594	1 632 310	-	8 324 904	64 474 990
Electricity Network	75 544 598	11 827 295	-	-	87 371 893	-	7 084 672	1 951 896	-	9 036 568	78 335 325
Water Network	60 793 622	1 877 778	-	-	62 671 400	-	12 518 277	2 192 507	-	14 710 784	47 960 616
Refuse Network	1 752 053	130 020	-	-	1 882 073	-	340 164	50 131	-	390 295	1 491 778
Community Assets	16 668 182	335 586	-	(508 000)	16 495 768	557 801	1 746 085	440 652	(40 386)	2 146 350	13 791 617
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 198	168	-	1 366	15 834
Community centrums	9 704 783	-	-	(508 000)	9 196 783	349 709	1 130 915	280 515	(40 386)	1 371 043	7 476 031
Recreation sites	6 388 721	335 586	-	-	6 724 308	186 621	573 790	153 972	-	727 762	5 809 925
Libraries	557 477	-	-	-	557 477	21 470	40 182	5 997	-	46 179	489 827
Lease Assets	6 367 882	789 593	-	(130 529)	7 026 946	-	1 365 030	1 706 304	(80 825)	2 990 509	4 036 437
Office Equipment (Lease)	797 780	281 313	-	-	1 079 093	-	280 437	184 846	-	465 283	613 810
Vehicles (Lease)	5 570 102	508 280	-	(130 529)	5 947 853	-	1 084 593	1 521 458	(80 825)	2 525 226	3 422 627
Other Assets	16 990 983	2 087 868	-	(157 500)	18 921 351	-	7 687 529	1 091 497	(58 956)	8 720 071	10 201 280
Computer hardware	2 559 981	698 545	-	(7 500)	3 251 026	-	1 390 954	230 486	(6 415)	1 615 025	1 636 001
Air conditioners	597 745	36 326	-	-	634 071	-	361 859	37 781	-	399 640	234 431
Chairs	299 643	48 585	-	-	348 228	-	203 440	14 977	-	218 417	129 811
Concrete Mixer	11 938	-	-	-	11 938	-	9 342	325	-	9 667	2 271
Desks & Tables	328 523	75 178	-	-	403 701	-	215 571	15 759	-	231 330	172 370
Compactors	30 731	-	-	-	30 731	-	24 623	849	-	25 472	5 259
Compressors	218 751	-	-	-	218 751	-	54 901	10 146	-	65 047	153 704
Tools	1 064 031	35 620	-	-	1 099 651	-	421 422	90 687	-	512 109	587 542
Electronic Equipment	830 114	23 581	-	-	853 695	-	402 948	62 347	-	465 295	388 399
Fire Brigade Equipment	156 700	-	-	-	156 700	-	44 179	7 140	-	51 319	105 381
Lawn Equipment	300 590	-	-	-	300 590	-	196 568	13 450	-	210 018	90 572
Trucks/LDV	5 963 254	212 347	-	(150 000)	6 025 601	-	2 241 724	308 331	(52 540)	2 497 514	3 528 087
Motor Vehicles	433 061	-	-	-	433 061	-	191 195	29 825	-	221 021	212 041
Office Equipment	536 806	335 563	-	-	872 369	-	380 106	41 389	-	421 495	450 874
Office Furniture	894 291	79 450	-	-	973 741	-	486 634	54 898	-	541 532	432 210
Trailers	414 242	247 598	-	-	661 840	-	283 195	26 583	-	309 778	352 062
Tracktors	1 436 524	-	-	-	1 436 524	-	339 483	84 434	-	423 917	1 012 607
Toolbox	360 314	-	-	-	360 314	-	164 059	30 332	-	194 391	165 923
Gym Equipment	116 803	295 075	-	-	411 878	-	71 363	4 472	-	75 835	336 044
Generators	187 130	-	-	-	187 130	-	59 723	8 277	-	68 000	119 130
Radio Equipment	249 811	-	-	-	249 811	-	144 240	19 010	-	163 250	86 561
	451 361 421	92 652 281	-	(1 264 319)	542 749 382	10 527 800	65 792 014	14 457 253	(200 508)	80 048 759	452 172 824

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>13</b>	<b>PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	<b>Impairment of property plant and equipment</b>		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	(504 518)	-
	Community Assets	-	-
		<b>(504 518)</b>	<b>-</b>

Assessment of impairment of assets was performed on other assets.

**Details of property plant and equipment carried at fair value**

No property, plant and equipment are carried at fair value.

<b>14</b>	<b>INVESTMENT PROPERTY</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	<b>Net Carrying amount at 1 July</b>	<b>8 381 248</b>	<b>8 647 603</b>
	Cost	11 222 424	11 222 424
	Accumulated Depreciation	(2 374 594)	(2 108 239)
	Accumulated Impairment	(466 582)	(466 582)
	Reversal of Impairment for the year	83 254	-
	Depreciation for the year	(267 085)	(266 355)
	Balance previously reported	-	(266 355)
	Correction of error. Refer to note	-	-
	<b>Net Carrying amount at 30 June</b>	<b>8 197 417</b>	<b>8 381 248</b>
	Cost	11 222 424	11 222 424
	Accumulated Depreciation	(2 641 679)	(2 374 594)
	Accumulated Impairment	(383 328)	(466 582)
	Revenue derived from the rental of investment property:		
	Sanlam Building	201 779	181 582
	Operating expenditure incurred on properties generating revenue	22 723	48 584

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.

<b>15</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Computer System &amp; Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>316 106</b>	<b>268 770</b>
	Cost	1 218 238	1 074 013
	Accumulated Amortisation	(902 132)	(805 243)
	Acquisitions	274 841	144 224
	Amortisation for the year	(120 246)	(96 889)
	<b>Net Carrying amount at 30 June</b>	<b>470 701</b>	<b>316 106</b>
	Cost	1 493 079	1 218 238
	Accumulated Amortisation	(1 022 378)	(902 132)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation</u>	<b>Carrying Value</b>	
	<u>Period</u>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
Sebata System	2	79 138	159 150

No intangible asset were assessed as having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>16</b>	<b>CAPITALISED RESTORATION COST</b>		
	<b>Notes</b>	<b>1 160 239</b>	<b>1 798 744</b>
	<b>Net Carrying amount at 1 July</b>		
	Cost	5 025 731	5 480 524
	Balance previously reported		2 653 085
	Correction of Error - Note 39.04		(2 653 085)
	Correction of Error - Note 39.04		5 480 524
	Accumulated Depreciation	(3 543 972)	(3 332 688)
	Balance previously reported		(894 623)
	Correction of Error - Note 39.04		894 623
	Correction of Error - Note 39.04		(3 332 688)
	Accumulated Impairments	(321 520)	(349 092)
	Balance previously reported		(94 461)
	Correction of Error - Note 39.04		94 461
	Correction of Error - Note 39.04		(349 092)
	Additions	(886 243)	(454 794)
	Balance previously reported		3 627 969
	Correction of Error - Note 39.04		(3 627 969)
	Correction of Error - Note 39.04		(454 794)
	Under Construction - Cost	-	-
	Disposals	-	-
	Depreciation for the year	(139 193)	(211 284)
	Balance previously reported		(223 693)
	Correction of Error - Note 39.04		223 693
	Correction of Error - Note 39.04		(211 284)
	Impairment - Note 32	35 932	27 573
	Balance previously reported		(3 164 984)
	Correction of Error - Note 39.04		3 164 984
	Correction of Error - Note 39.04		27 573
	<b>Net Carrying amount at 30 June</b>	<b>170 735</b>	<b>1 160 239</b>
	Cost	4 139 488	5 025 731
	Accumulated Depreciation	(3 683 165)	(3 543 972)
	Accumulated Impairments	(285 588)	(321 520)
<b>17</b>	<b>HERITAGE ASSETS</b>		
	<b>Net Carrying amount at 1 July</b>	<b>5 225 000</b>	<b>5 225 000</b>
	<b>Net Carrying amount at 30 June</b>	<b>5 225 000</b>	<b>5 225 000</b>
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. All heritage assets were measured in terms of GRAP 103 during the year under review.		
<b>18</b>	<b>LONG-TERM RECEIVABLES</b>		
	Housing Loans	461 643	461 643
	Receivables with arrangements	1 998 607	1 788 784
	<b>Less:</b> Current portion transferred to Trade and other receivables from exchange transactions	(612 414)	(514 949)
	<b>Total Long Term Receivables</b>	<b>1 847 836</b>	<b>1 735 478</b>
	<b>ARRANGEMENTS</b>		
	Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.		
	<b>HOUSING LOANS</b>		
	The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13.5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.		
<b>19</b>	<b>INVENTORY</b>		
	Consumable Stores - Stationery and materials - At cost	3 664 888	2 924 399
	Water – at cost	63 733	67 261
	<b>Total Inventory</b>	<b>3 728 621</b>	<b>2 991 660</b>
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surpluses identified during the annual stores counts.	128	288
	No inventory assets were pledged as security for liabilities.		

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>20 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b><i>Service Receivables</i></b>		
Water	6 765 883	4 791 898
Electricity	11 092 282	6 650 869
Housing Rentals	65 401	81 471
Refuse	6 611 676	5 941 893
Sewerage	10 509 096	8 867 758
<b>Total Service Receivables</b>	<b>35 044 339</b>	<b>26 333 889</b>
Less: Provision for Debt Impairment	(22 408 871)	(17 281 223)
<b>Net Service Receivables</b>	<b>12 635 468</b>	<b>9 052 666</b>
<b><i>Other Receivables</i></b>		
Other Arrears	24 056 724	32 627 129
<b>Total Other Receivables</b>	<b>24 056 724</b>	<b>32 627 129</b>
Less: Provision for Debt Impairment	(23 108 846)	(16 290 647)
<b>Net Other Receivables</b>	<b>947 878</b>	<b>16 336 482</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>13 583 345</b>	<b>25 389 148</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
<b>Ageing of Receivables from Exchange Transactions</b>		
<b><i>(Electricity): Ageing</i></b>		
Current (0 - 30 days)	8 202 002	4 043 427
31 - 60 Days	474 239	283 783
61 - 90 Days	149 186	101 211
+ 90 Days	2 266 855	2 222 448
<b>Total</b>	<b>11 092 282</b>	<b>6 650 869</b>
<b><i>(Water): Ageing</i></b>		
Current (0 - 30 days)	2 625 968	1 132 324
31 - 60 Days	291 852	629 280
61 - 90 Days	234 105	211 438
+ 90 Days	3 613 958	2 818 856
<b>Total</b>	<b>6 765 883</b>	<b>4 791 898</b>
<b><i>(Refuse): Ageing</i></b>		
Current (0 - 30 days)	604 141	522 909
31 - 60 Days	249 695	225 127
61 - 90 Days	221 531	206 789
+ 90 Days	5 536 309	4 987 068
<b>Total</b>	<b>6 611 676</b>	<b>5 941 893</b>
<b><i>(Sewerage): Ageing</i></b>		
Current (0 - 30 days)	1 097 224	953 801
31 - 60 Days	418 620	328 919
61 - 90 Days	369 486	295 757
+ 90 Days	8 623 767	7 289 281
<b>Total</b>	<b>10 509 096</b>	<b>8 867 758</b>
<b><i>(Housing Rentals Debtors): Ageing</i></b>		
Current (0 - 30 days)	5 280	5 385
31 - 60 Days	795	1 869
61 - 90 Days	998	1 329
+ 90 Days	58 328	72 888
<b>Total</b>	<b>65 401</b>	<b>81 471</b>
<b><i>(Other Debtors): Ageing</i></b>		
Current (0 - 30 days)	666 369	12 173 865
31 - 60 Days	1 022 411	619 738
61 - 90 Days	762 224	1 279 890
+ 90 Days	21 644 003	18 553 636
<b>Total</b>	<b>24 095 006</b>	<b>32 627 129</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21

		2016 R	2015 R	
OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
<b>Service Receivables</b>				
Taxes - Rates		12 937 916	5 931 129	
Other Receivables		48 446 678	72 092 733	
<b>Total Service Receivables</b>		<b>61 384 594</b>	<b>78 023 862</b>	
Less: Provision for Debt Impairment		(49 981 524)	(62 653 629)	
<b>Total Net Receivables from Non-Exchange Transactions</b>		<b>11 403 070</b>	<b>15 370 233</b>	
<b>Ageing of Receivables from Non-Exchange Transactions</b>				
<b>(Rates): Ageing</b>				
Current (0 - 30 days)		2 650 956	1 423 523	
31 - 60 Days		581 696	273 426	
61 - 90 Days		331 814	209 244	
+ 90 Days		9 373 450	4 024 936	
<b>Total</b>		<b>12 937 916</b>	<b>5 931 129</b>	
<b>(Other Receivables): Ageing</b>				
Current (0 - 30 days)		-	-	
31 - 60 Days		-	-	
61 - 90 Days		-	-	
+ 90 Days		48 446 678	72 092 733	
Balance Previously Reported		-	72 092 733	
Correction of error Note 39.06		-	-	
<b>Total</b>		<b>48 446 678</b>	<b>72 092 733</b>	
<b>Summary of Receivables by Customer Classification</b>				
	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
<b>2016</b>				
Total Receivables	114 679 786	3 166 044	2 639 826	120 485 656
Less: Provision for doubtful debts	(92 581 830)	(2 917 411)	-	(95 499 241)
<b>Total Recoverable debtors by customer classification</b>	<b>22 097 956</b>	<b>248 633</b>	<b>2 639 826</b>	<b>24 986 415</b>
<b>Summary of Receivables by Customer Classification</b>				
	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
<b>2015</b>				
Total Receivables	136 485 868	-	499 012	136 984 880
Less: Provision for doubtful debts	(96 225 499)	-	-	(96 225 499)
<b>Total Recoverable debtors by customer classification</b>	<b>40 260 369</b>	<b>-</b>	<b>499 012</b>	<b>40 759 381</b>
<b>Trade and other receivables impaired</b>				
<b>2016</b>				
		Exchange Transactions R	Non-Exchange Transactions R	Total R
Total		(45 517 717)	(49 981 524)	(95 499 241)
<b>2015</b>				
		Exchange Transactions R	Non-Exchange Transactions R	Total R
Total		(33 571 870)	(62 653 629)	(96 225 499)

Debts on rates are required to be settled after 30 days, interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Reconciliation of the Total Provision for Debt Impairment**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Balance at beginning of the year	96 225 499	59 494 567
Contributions to provision	68 252 205	40 121 041
VAT Contributions to provision	5 824 104	302 461
Additional interest/corrections transferred to/from provision	3 545	2 958
Doubtful debts written off against provision	(74 806 112)	(3 695 528)
<b>Balance at end of year</b>	<b>95 499 241</b>	<b>96 225 499</b>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**22 OPERATING LEASE ARRANGEMENTS**

**22.1 The Municipality as Lessor**

**Notes**

<b>Balance on 1 July</b>	15 412	10 008
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	2 881
<b>Restated Balance on 1 July</b>	<b>15 412</b>	<b>12 889</b>
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	-
Operating Lease Asset for the current year	37 590	2 523
<b>Balance on 30 June</b>	<b>53 002</b>	<b>15 412</b>

Beaufort West Municipality is leasing land to rate payers for periods of 24 to 119 months with various escalations per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	491 429	492 660
1 to 5 Years	554 119	763 871
More than 5 Years	154 844	156 594
<b>Total Operating Lease Arrangements</b>	<b>1 200 391</b>	<b>1 413 125</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until 2109

**23 CASH AND CASH EQUIVALENTS**

**Assets**

Call Investments Deposits	18 037 290	15 036 387
Primary Bank Account	-	-
Cash Floats	12 230	12 230
<b>Total Cash and Cash Equivalents - Assets</b>	<b>18 049 520</b>	<b>15 048 617</b>

**Liabilities**

Primary Bank Account	(5 105 195)	(1 932 245)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>(5 105 195)</b>	<b>(1 932 245)</b>

Call Investments Deposits to an amount of R11 091 768 are held to fund the Unspent Conditional Grants (2015: R4 651 273).

Bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R 854 000 for Fleet Cards at Nedbank.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23	CASH AND CASH EQUIVALENTS (CONTINUED)	2016 R	2015 R
	The municipality has the following bank account:		
	<b><u>Current Account</u></b>		
	<b><i>Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):</i></b>		
	Cash book balance at beginning of year	(1 932 245)	-
	Cash book balance at end of year	(5 105 195)	(1 932 245)
	Bank statement balance at beginning of year	3 505 326	2 151 835
	Bank statement balance at end of year	(1 316 405)	3 505 326
	<b><u>Call Investment Deposits</u></b>		
	Call investment deposits consist out of the following accounts:		
	Investec	4 571 017	2 804 217
	ABSA	5 027 395	3 966 864
	Standard Bank	5 201 065	273 084
	Nedbank	3 237 813	7 992 228
		18 037 290	15 036 392
24	PROPERTY RATES		
	<b><u>Actual</u></b>		
	<b>Rateable Land and Buildings</b>	28 885 130	27 215 031
	Residential, Commercial Property, State	28 885 130	27 215 031
	<b><u>Less: Rebates</u></b>	(2 854 038)	(2 632 007)
	<b>Total Assessment Rates</b>	<b>26 031 092</b>	<b>24 583 024</b>
	<b><u>Valuations on 30 June 2016:</u></b>		
	Residential	1 126 632 080	1 146 872 730
	Commercial	263 229 800	269 361 000
	Governments	49 299 700	7 960 300
	Schools	46 978 100	46 821 100
	PSI	41 221 900	41 246 900
	Non profitable	83 666 150	83 022 150
	Exemptions (Municipal)	197 507 250	189 577 750
	Agricultural	1 720 778 060	1 715 323 060
	Vacant Erven	-	-
	Building Clause	10 735 928	10 345 928
	<b>Total Property Valuations</b>	<b>3 540 048 968</b>	<b>3 510 530 918</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows:  
Residential - The first R19 000 on the valuation is exempted.

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

25	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2016 R</b>	<b>2015 R</b>
	<b>Unconditional Grants</b>	<b>44 160 000</b>	<b>38 990 000</b>
	Equitable Share - Refer to Note 25.1	44 160 000	38 990 000
	<b>Conditional Grants</b>	<b>66 398 233</b>	<b>75 444 894</b>
	Municipal Infrastructure Grant	12 195 798	14 439 475
	Finance Management Grant	1 457 866	1 460 327
	Department of Water Affairs and Forestry	-	-
	Department of Mineral and Energy	12 624 805	32 639 828
	ACIP	2 791 790	887 934
	Municipal System Improvement Grant	923 693	719 364
	Public Transport Infrastructure Program (PTIP)	-	81 150
	Provincial Administration Western Cape (PAWC)	33 566 097	21 733 260
	Neighbourhood Development Programme (NDP)	264 150	271 205
	Donations and Public Contributions	320 243	-
	Subsidies	-	696 316
	Job Creation	-	359 776
	Expended Public Works Program National (EPWP)	1 736 017	1 834 000
	Regional Bulk Infrastructure Grant : Capital (RBIG)	-	18 695
	Community Development Workers	205 137	303 564
	<b>Total Government Grants and Subsidies</b>	<b>110 558 233</b>	<b>114 434 894</b>
	Government Grants and Subsidies - Capital	14 556 431	37 652 483
	Government Grants and Subsidies - Operating	96 001 801	76 782 411
		<b>110 558 233</b>	<b>114 434 894</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Executive & Council	26 740 798	22 026 089
	Budget & Treasury	5 410 470	5 972 432
	Corporate Services	543 362	205 022
	Planning & Development	631 856	398 101
	Community & Social Services	6 663 612	5 156 570
	Housing	25 209 541	3 195 587
	Sport & Recreation	998 731	1 837 626
	Waste Management	946 971	1 033 455
	Waste Water Management	10 991 068	13 916 313
	Road Transport	2 164 927	11 923 757
	Water	11 640 329	11 957 211
	Electricity	18 616 568	36 812 731
		<b>110 558 233</b>	<b>114 434 894</b>

The municipality does not expect any significant changes to the level of grants.

**25.1 Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned. See Appendix D & note 10 for a reconciliation of all grants.

**26 SERVICE CHARGES**

Electricity	63 226 176	57 777 162
Service Charges - Electricity	67 083 985	61 204 206
<u>Less:</u> Rebates	(3 857 809)	(3 427 044)
Water	15 589 880	13 386 412
Service Charges - Water	24 073 528	21 421 823
<u>Less:</u> Rebates	(8 483 648)	(8 035 411)
Refuse removal	6 465 133	5 947 327
Service Charges - Refuse	7 412 104	6 850 762
<u>Less:</u> Rebates	(946 971)	(903 435)
Sewerage and Sanitation Charges	12 326 698	11 288 363
Service Charges - Sewerage	15 292 056	14 031 381
<u>Less:</u> Rebates	(2 965 358)	(2 743 018)
<b>Total Service Charges</b>	<b>97 607 887</b>	<b>88 399 264</b>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

27	<b>OTHER REVENUE</b>	<b>2016 R</b>	<b>2015 R</b>
	Insurance excess revenue	242 541	129 007
	VAT portion of Grants that the Municipality may recognized as own income	4 453 366	7 077 277
	Selling of burial sites	205 952	164 518
	Fees: swimming pool	138 117	104 669
	Commission on insurances	89 013	97 856
	Re-connections	53 106	58 047
	Building plans	89 101	96 735
	Sale of land	95 606	62 324
	Contribution Capital Replacement Grant	2 007 136	-
	Other income represents sundry income such as administration income, sale of sand and photocopies.	1 255 259	1 582 554
	<b>Total Other Income</b>	<b>8 629 197</b>	<b>9 372 987</b>
28	<b>EMPLOYEE RELATED COSTS</b>		
	Standby Allowances	1 358 369	1 306 857
	Housing Subsidy	902 454	270 703
	Performance Bonus	512 366	-
	Bonus	3 822 031	3 887 448
	Essential Users	1 320 048	1 228 782
	Overtime	2 800 464	3 195 939
	Long Service Awards	14 000	6 000
	Salaries	54 497 449	49 896 392
	Acting Allowance	2 078 464	2 199 365
	Uniform Allowance	53 061	58 960
	Leave Reserve Fund	761 004	622 106
	Transport Allowance	566 014	479 861
	Group Insurance	51 246	57 439
	Medical Aid Contribution	1 337 469	1 185 296
	Provident Fund SAMWU	561 851	577 250
	Pension Fund Contribution	7 436 351	6 919 728
	Occupational Health/Safety	48 045	33 090
	Unemployment Fund	552 160	509 551
	Long Service Bonus	315 183	640 702
	Post Retirement Medical	891 406	3 684
	Housing	-	346 455
	<b>Total Employee Related Costs</b>	<b>79 879 435</b>	<b>73 425 608</b>
	<b>KEY MANAGEMENT PERSONNEL</b>		
	The Municipal Manager, Director Corporate Services and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Engineering Services are permanently employed. The Director Community Services is vacant and is filled by an acting employee.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<i>Remuneration of the Municipal Manager: J Booysen</i>		
	Annual Remuneration	1 101 209	899 194
	Performance Bonuses	140 963	132 000
	Car Allowance	118 968	119 334
	Contributions, Medical and Pension Funds	199 989	188 020
	Function Committee Allowance	-	-
	<b>Total</b>	<b>1 561 130</b>	<b>1 338 548</b>
	<i>Remuneration of the Director Financial Services: F Sabbat</i>		
	Annual Remuneration	821 155	683 333
	Performance Bonuses	86 167	-
	Car Allowance	192 000	100 000
	Acting allowance	-	9 917
	<b>Total</b>	<b>1 099 322</b>	<b>793 250</b>
	<i>Remuneration of the Director Electrical Services: RE van Staden</i>		
	Annual Remuneration	644 884	595 610
	Performance Bonuses	86 213	80 731
	Car Allowance	72 000	72 000
	Contributions, Medical and Pension Funds	123 604	116 143
	Acting Allowance	10 606	25 784
	<b>Total</b>	<b>937 307</b>	<b>890 268</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28	EMPLOYEE RELATED COSTS (CONTINUED)	2016 R	2015 R
	<b>Remuneration of the Director Community Services: AC Makendiana (01/07/2014 - 31/08/2014)</b>		
	Annual Remuneration	-	118 250
	Car Allowance	-	10 000
	Contributions, Medical and Pension Funds	-	23 059
	Acting Allowance	-	5 950
	Telephone	-	1 000
	<b>Total</b>	<b>-</b>	<b>158 259</b>
	<b>Remuneration of the Acting Director Community Services: RE Klink</b>		
	Acting Allowance	415 358	264 795
	<b>Total</b>	<b>415 358</b>	<b>264 795</b>
	<b>Remuneration of the Director Engineering Services: JCL Smit</b>		
	Annual Remuneration	692 396	639 920
	Performance Bonuses	92 037	86 185
	Car Allowance	72 000	72 000
	Contributions, Medical and Pension Funds	132 749	124 784
	Acting Allowance	-	1 983
	<b>Total</b>	<b>989 182</b>	<b>924 872</b>
	<b>Remuneration of the Director Corporate Services: AC Makendiana</b>		
	Annual Remuneration	795 126	613 668
	Performance Bonuses	74 771	93 514
	Car Allowance	60 000	50 000
	Contributions, Medical and Pension Funds	152 546	119 665
	Acting Allowance	13 884	45 620
	Telephone	6 000	5 000
	<b>Total</b>	<b>1 102 327</b>	<b>927 468</b>
29	REMUNERATION OF COUNCILLORS		
	<b>Remuneration of Councillor: H.T. Prince</b>		
	Annual Remuneration	426 967	406 379
	Telephone Allowance	20 868	20 868
	Travelling	175 719	167 239
	Tools of trade	3 600	3 600
	Pension	61 964	57 744
	Medical	45 115	41 432
	<b>Total</b>	<b>734 233</b>	<b>697 262</b>
	<b>Remuneration of Councillor: S.M. Motsokane</b>		
	Annual Remuneration	371 760	353 243
	Telephone Allowance	20 868	20 868
	Travelling	141 953	134 552
	Tools of trade	3 600	3 600
	Pension	54 099	50 413
	<b>Total</b>	<b>592 280</b>	<b>562 676</b>
	<b>Remuneration of Councillor: G.P. Adolph</b>		
	Annual Remuneration	399 242	378 429
	Telephone Allowance	20 868	20 868
	Travelling	74 755	71 788
	Tools of trade	3 600	3 600
	Pension	58 325	54 355
	<b>Total</b>	<b>556 791</b>	<b>529 040</b>
	<b>Remuneration of Councillor: J. Bostander</b>		
	Annual Remuneration	93 609	132 466
	Telephone Allowance	13 912	20 868
	Travelling	35 657	50 457
	Tools of trade	2 400	3 600
	Pension	13 360	18 906
	<b>Total</b>	<b>158 938</b>	<b>226 297</b>
	<b>Remuneration of Councillor: M. Furmen</b>		
	Annual Remuneration	213 939	201 829
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	REMUNERATION OF COUNCILLORS (CONTINUED)	2016 R	2015 R
	<b>Remuneration of Councillor: G. De Vos</b>		
	Annual Remuneration	160 454	151 372
	Telephone Allowance	20 868	20 868
	Travelling	53 485	50 457
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: J. Diedericks</b>		
	Annual Remuneration	96 775	-
	Telephone Allowance	3 895	-
	Tools of trade	672	-
	<b>Total</b>	<b>101 342</b>	<b>-</b>
	<b>Remuneration of Councillor: A.M. Slabbert</b>		
	Annual Remuneration	160 454	151 372
	Telephone Allowance	20 868	20 868
	Travelling	53 485	50 457
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: D.E. Welgemoed</b>		
	Annual Remuneration	113 842	132 466
	Telephone Allowance	15 651	20 868
	Travelling	44 571	50 457
	Tools of trade	2 700	3 600
	Pension	15 104	18 906
	<b>Total</b>	<b>191 868</b>	<b>226 297</b>
	<b>Remuneration of Councillor: A.D. Willemse</b>		
	Annual Remuneration	66 953	151 372
	Telephone Allowance	8 695	20 868
	Travelling	22 318	50 457
	Tools of trade	1 500	3 600
	<b>Total</b>	<b>99 466</b>	<b>226 297</b>
	<b>Remuneration of Councillor: G.T. Murray</b>		
	Annual Remuneration	213 933	201 829
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 401</b>	<b>226 297</b>
	<b>Remuneration of Councillor: R. vd Linde</b>		
	Annual Remuneration	120 341	151 372
	Telephone Allowance	15 651	20 868
	Travelling	40 114	50 457
	Tools of trade	2 700	3 600
	<b>Total</b>	<b>178 805</b>	<b>226 297</b>
	<b>Remuneration of Councillor: L. Deyce</b>		
	Annual Remuneration	186 824	176 622
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	Pension	27 115	25 207
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: E.A.J. Beyers</b>		
	Annual Remuneration	402 552	446 407
	Telephone Allowance	16 521	20 868
	Tools of trade	2 850	3 600
	Pension	56 702	63 772
	<b>Total</b>	<b>478 624</b>	<b>534 646</b>
	<b>Remuneration of Councillor: R.T. Hugo</b>		
	Annual Remuneration	114 163	-
	Telephone Allowance	10 434	-
	Tools of trade	1 800	-
	<b>Total</b>	<b>126 397</b>	<b>-</b>
	<b>Remuneration of Councillor: L. Basson</b>		
	Annual Remuneration	71 313	-
	Telephone Allowance	6 956	-
	Tools of trade	1 200	-
	<b>Total</b>	<b>79 469</b>	<b>-</b>
	<b>Remuneration of Councillor: P. Simon</b>		
	Annual Remuneration	28 720	-
	Telephone Allowance	2 801	-
	Tools of trade	483	-
	<b>Total</b>	<b>32 005</b>	<b>-</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>29 REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
<i><b>Total Remuneration of Councillors</b></i>		
Annual Remuneration	3 241 841	3 035 157
Telephone Allowance	261 460	271 284
Travelling	642 057	676 321
Tools of trade	45 105	46 800
Pension	286 670	289 302
Medical	45 115	41 432
<b>Total</b>	<b>4 522 248</b>	<b>4 360 296</b>
<i><b>In-kind Benefits</b></i>		
The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.		
<b>30 DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions - Note 20	35 593 823	29 015 797
Other Receivables from non-exchange transactions - Note 21	32 658 382	11 105 244
<b>Total Contribution to Impairment Provision</b>	<b>68 252 205</b>	<b>40 121 041</b>
<b>31 DEPRECIATION AND AMORTISATION</b>		
Depreciation PPE	14 820 845	14 457 253
Depreciation Investment Properties	267 085	266 355
Depreciation Capitalised Restoration Cost	139 193	211 284
Amortisation	120 246	96 889
<b>Total depreciation and amortisation expenditure</b>	<b>15 347 368</b>	<b>15 031 780</b>
<b>32 IMPAIRMENTS</b>		
Property Plant & Equipment	(504 518)	-
Investment Properties	-	-
Capitalised Restoration Cost	-	5 971
Balance Previously Reported		3 170 956
Correction of error		(3 164 985)
<b>Total Impairments</b>	<b>(504 518)</b>	<b>5 971</b>
<b>33 REPAIRS AND MAINTENANCE</b>		
Repairs and maintenance expenditure per vote		
Executive & Council	1 093	2 471
Budget & Treasury	257 611	202 825
Corporate Services	1 036 223	1 175 765
Planning & Development	80 285	109 448
Community & Social Services	645 326	598 952
Housing	242 226	214 768
Public Safety	401 172	486 619
Sport & Recreation	1 253 826	1 368 216
Waste Management	2 099 325	1 964 100
Waste Water Management	526 899	553 699
Road Transport	2 964 568	3 091 529
Water	6 193 525	3 435 732
Electricity	8 405 584	4 939 078
<b>Total repairs and maintenance expenditure</b>	<b>24 107 663</b>	<b>18 143 202</b>
<b>34 FINANCE CHARGES</b>		
Long-term Liabilities	2 809 373	2 661 696
Finance leases	325 383	294 960
Post Retirement Charges	2 488 715	2 333 505
Overdraft Facilities	130 729	134 364
<b>Total finance charges</b>	<b>5 754 200</b>	<b>5 424 525</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>35</b>	<b>BULK PURCHASES</b>		
	Electricity	50 648 141	44 106 353
	Water	5 933 441	5 858 539
	<b>Total Bulk Purchases</b>	<b>56 581 582</b>	<b>49 964 892</b>
	Stock Adjustments	(8 534 274)	(6 581 588)
	<b>Total Bulk Purchases excluding Stock Adjustments</b>	<b>48 047 308</b>	<b>43 383 304</b>
<b>36</b>	<b>CONTRACTED SERVICES</b>		
	Accountancy Services	134 963	349 937
	Finance Management Grant	649 858	521 845
	IDP PAWK	-	112 597
	SDBIP	401 558	166 452
	Security Services	3 516 440	3 051 405
	Speed Camera	6 475 124	3 667 025
	Valuation cost	70 768	129 990
	<b>Total Contracted services</b>	<b>11 248 711</b>	<b>7 999 251</b>
<b>37</b>	<b>GRANTS AND SUBSIDIES</b>		
	Donations	34 879	64 452
	<b>Total Grants and Subsidies</b>	<b>34 879</b>	<b>64 452</b>
<b>38</b>	<b>GENERAL EXPENSES</b>		
	Advertisement Costs	427 535	326 215
	Banking Charges	625 495	326 537
	Bursaries	184 726	166 131
	Community Development Workers	207 470	303 565
	Organisations	1 484 677	1 356 413
	Insurance	815 439	1 182 970
	Asset Management Plan	-	90 773
	Licences/ Agreements	1 293 689	1 515 733
	Printing & Stationary	901 968	816 517
	Subsistence & Travel	976 162	1 171 067
	Audit fees	2 460 057	2 319 739
	Telephone Costs	1 570 766	1 443 988
	Training Costs	143 524	475 684
	Water service development program	184 933	113 539
	Ward Committee	691 676	618 063
	Vehicle Cost	85 831	333 200
	Postage	532 358	457 416
	Digging of graves	255 193	200 694
	Job Creation	-	443 432
	Legal expenses	164 468	86 693
	Rental Fees	74 517	1 126 164
	Deeds Registrations	18 725	11 623
	Mayoral Golf Tournament	97 242	48 247
	Public Functions	178 442	57 589
	Publicity	26 473	15 795
	Tracking Device	75 281	80 425
	Deficit Rental Mun. Dwelling	193 574	181 729
	Licences Vehicles	159 260	185 531
	Consulting Fees	1 466 791	274 987
	Collection Charges	166 056	56 949
	SCOA Implementation	1 022 601	46 965
	Basic service delivery rebates	374 930	563 841
	Youth and gender	33 637	15 670
	Literacy Program	23 612	20 918
	Housing	25 209 541	3 195 586
	Electricity network	5 473 441	19 256 399
	MIG PMU	48 368	69 051
	Other expenditure	1 397 721	1 115 009
	<b>General Expenses</b>	<b>51 034 069</b>	<b>40 070 847</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>39</b>		<b>Notes</b>	<b>2015 R</b>
<b>39.01</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
	<b>Changes to Statement of Financial Performance</b>		
	<b>Balance previously reported</b>		83 361 061
	Incorrect amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.03	3 925 345
	Incorrect amount on calculation of acquisitions on Capitalised Restoration Cost during 2014/15	39.03	(3 627 969)
	Correct amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.03	(1 268 512)
	Correct amount on calculation of Landfill site provision Increase in Estimate during 2014/15	39.03	610 942
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	223 693
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	3 164 984
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.04	(454 794)
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	(211 284)
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	27 573
	Correct amount on calculation of reversal of Operating Lease during 2014/15	39.07	(1 665)
	Correction of error for difference of Outstanding Creditors ito 2013/14		-
	Correction of error for difference of Outstanding Creditors ito 2014/15		(131 141)
	Correct amount on calculation of rehabilitation income on Landfill Sites during 2014/15	39.02	-
	<b>Total</b>		<b>85 618 233</b>
<b>39.02</b>	<b>Accumulated Surplus/(Deficit)</b>		
	<b>Balance previously reported</b>		<b>341 591 646</b>
	Incorrect amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.03	3 023 068
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.03	(18 738 488)
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	894 623
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	94 461
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	(3 332 688)
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	(349 092)
	Correct amount on calculation of reversal of Operating Lease during as at 30 June 2014	39.07	2 881
	Correction of error for difference of Outstanding Creditors ito 2013/14	39.01	96 432
	Correction of error for difference of Outstanding Creditors ito 2014/15		
	Redemption ito Standard Bank Loan not recognized in 2013/2014		4 337
	<b>Total</b>		<b>323 287 179</b>
<b>39.03</b>	<b>Non-Current Provisions</b>		
	<b>Balance previously reported</b>		<b>9 601 499</b>
	Incorrect amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	(3 023 068)
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	(2 653 085)
	Incorrect amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	(3 925 345)
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	18 738 488
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	5 480 524
	Correct amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	1 268 512
	Correct amount on calculation of Landfill site provision Increase in Estimate during 2014/15	39.01	(610 942)
	<b>Total</b>		<b>24 876 582</b>
<b>39.04</b>	<b>Capitalised Restoration Cost</b>		
	<b>Balance previously reported</b>		<b>1 903 294</b>
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	(2 653 085)
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	894 623
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	94 461
	Incorrect amount on calculation of Acquisitions on Capitalised Restoration Cost as at 30 June 2014/15	39.01	(3 627 969)
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	223 693
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	3 164 984
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	5 480 524
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	(3 332 688)
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	(349 092)
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.01	(454 794)
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	(211 284)
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	27 573
	<b>Total</b>		<b>1 160 239</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>39.05 Long-term Liabilities</b>		
<b>Balance previously reported</b>		12 028 075
Redemption ito Standard Bank Loan not recognized in 2013/2014	39.02	(4 336)
<b>Total</b>		<b>12 023 739</b>
<b>39.06 Operating Lease Asset</b>		
<b>Balance previously reported</b>		14 196
Correct amount on calculation of reversal of Operating Lease during 2014/15	39.02	2 881
Correct amount on calculation of reversal of Operating Lease during 2014/16	39.01	(1 665)
<b>Total</b>		<b>15 412</b>
<b>39.07 Trade Payables</b>		
<b>Balance previously reported</b>		27 075 160
Retention	9	(4 223 421)
Sundry Creditors	9	(1 888 210)
Correction of error for difference of Sundry Creditors ito 2013/14		5 785
Correction of error for difference of Trade Payables ito 2013/14		(96 432)
Correction of error for difference of Trade Payables ito 2014/15		131 141
<b>Total</b>		<b>21 004 023</b>
<b>40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	(9 222 862)	85 618 234
<b><u>Adjustments for:</u></b>		
Depreciation	15 227 126	14 934 895
Amortisation of Intangible Assets	120 246	96 889
(Gain)/Loss on disposal of property, plant and equipment	23 278	841 434
Contributed PPE	-	(52 296 307)
Impairments	(623 704)	(27 573)
Contribution from/to employee benefits - non-current	(1 163 050)	(1 329 963)
Contribution from/to employee benefits - non-current - expenditure incurred	3 696 329	3 403 259
Contribution from/to employee benefits - non-current - actuarial losses	(506 605)	(216 003)
Contribution from/to provisions - non-current	437 476	657 570
Contribution to employee benefits – current	5 095 401	4 509 555
Contribution to employee benefits – current - expenditure incurred	(4 532 997)	(4 089 072)
Contribution to provisions – Debt Impairment	68 252 205	40 121 041
Impairment written off	(74 806 112)	(3 695 528)
(Increase)/Decrease in Capitalised Restoration Cost	886 243	454 794
Additional debt Impairment transactions	3 545	2 958
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	6 382 435	(2 426 230)
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	(65 208)	6 903
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	913 052	(943 941)
Operating lease income accrued	(37 590)	(2 523)
Operating Surplus/(Deficit) before changes in working capital	10 079 209	85 620 393
Changes in working capital	9 548 215	(43 336 014)
Increase/(Decrease) in Trade and Other Payables	(8 200 203)	6 387 948
Increase/(Decrease) in Taxes	1 920 607	(2 209 984)
(Increase)/Decrease in Inventory	(736 961)	(200 210)
Increase/(Decrease) in Consumer Deposits	65 548	88 534
(Increase)/Decrease in Trade Receivables from exchange transactions	(140 045)	(8 914 855)
(Increase)/Decrease in Other Receivables from non-exchange transactions	16 639 268	(38 487 447)
<b>Cash generated/(absorbed) by operations</b>	<b>19 627 424</b>	<b>42 284 379</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>41 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 23	18 037 290	15 036 387
Cash Floats - Note 23	12 230	12 230
Bank overdraft - Note 23	(5 105 195)	(1 932 245)
<b>Total cash and cash equivalents</b>	<b>12 944 325</b>	<b>13 116 372</b>

**42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 41	12 944 325	13 116 372
Less:	12 944 325	13 116 372
	4 982 429	1 239 825
Unspent Committed Conditional Grants - Note 10	11 091 768	4 709 333
Unspent Public Contribution - Note 11	80 747	145 955
Unpaid Committed Conditional Grants - Note 10	(701 267)	(1 614 319)
Staff Leave - Note 7	4 635 616	4 223 673
VAT - Note 12	(10 347 956)	(6 444 459)
Cash Portion of Housing Development Fund - Note 2	223 521	219 642
<b>Net cash resources available for internal distribution</b>	<b>7 961 896</b>	<b>11 876 547</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	3 078 397	10 491 152
<b>Resources available for working capital requirements</b>	<b>4 883 499</b>	<b>1 385 395</b>

**43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities - Note 3	14 105 614	15 306 065
Used to finance property, plant and equipment - at cost	(14 105 614)	(15 306 065)
	-	-

Annuity loans at amortised cost is calculated at 6.8%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

**44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**44.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:		
Opening balance	28 487 953	47 144 485
Unauthorised operating expenditure current year	29 970 907	12 653 211
Unauthorised capital expenditure current year	252 361	15 834 742
Approved by Council or written off	-	(47 144 485)
<b>Unauthorised expenditure awaiting further action</b>	<b>58 711 220</b>	<b>28 487 953</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
<i>Actual vs Budgeted spending</i>	<i>None</i>

	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
	<b>(Actual)</b>	<b>(Budget)</b>	<b>(Variance)</b>	<b>(Unauthorised)</b>
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Municipal Manager	4 312 977	4 946 976	(633 999)	-
Vote 2 - Director: Corporate Service	28 576 939	28 772 796	(195 857)	-
Vote 3 - Director: Financial Services	28 086 985	20 827 943	7 259 042	7 259 042
Vote 4 - Director: Engineering Services	68 182 989	71 671 777	(3 488 788)	-
Vote 5 - Director: Community Services	110 266 356	87 554 491	22 711 865	22 711 865
Vote 6 - Director: Electrical Services	79 906 307	86 531 066	(6 624 759)	-
	<b>319 332 553</b>	<b>300 305 049</b>	<b>19 027 504</b>	<b>29 970 907</b>



**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<u>Unauthorised expenditure current year - capital</u>	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
Vote 1 - Municipal Manager	48 102	40 000	8 102	8 102
Vote 2 - Director: Corporate Service	1 630 262	1 637 552	(7 290)	-
Vote 3 - Director: Financial Services	292 424	48 165	244 259	244 259
Vote 4 - Director: Engineering Services	13 782 495	24 306 225	(10 523 730)	-
Vote 5 - Director: Community Services	32 733	622 942	(590 209)	-
Vote 6 - Director: Electrical Services	2 700 658	9 773 945	(7 073 287)	-
	<b>18 486 675</b>	<b>36 428 829</b>	<b>(17 942 154)</b>	<b>252 361</b>

**44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)**

**44.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	159 670	-
Fruitless and wasteful expenditure current year	-	159 670
Written off by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Fruitless and wasteful expenditure awaiting further action	<b>159 670</b>	<b>159 670</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
During the year under review it was discovered that some cell phone accounts of former employees and councillors are still debited against the municipality's bank	None	-	79 800
During the year under review it was discovered that debit orders were going off against the municipality's bank account for payments to Homechoice, Multichoice,	None	-	79 870

**44.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	15 906 727	35 000
Irregular expenditure prior years	-	15 321 593
Irregular expenditure current year	321 973	550 134
Written off supported by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting further action	<b>16 228 700</b>	<b>15 906 727</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
2012 - Suppliers identified as having members/ directors/owners who are in the service of the state with no evidence of this disclosed to the municipality. R6 170	None
2012 - Awards made to close family members of persons in the service of the state. (declaration has been signed) R10 094	None
2014 - Open tender request sent after event. R35 000	None
2015 - SCM procedures not followed current year. R550 134.06	None
Irregular Expenditure incurred into Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36	None
2016 - SCM procedures not followed current year. R321 973.17	None

**44.4 Material Losses**

**Electricity distribution losses**

Units purchased (Kwh)	56 695 109	55 426 999
- Units lost during distribution (Kwh)	6 196 904	4 566 252
- Percentage lost during distribution	10.93%	8.24%

**Water distribution losses**

Kilolitres purified	2 672 800	2 764 904
- Kilolitres lost during distribution	1 350 633	1 391 276
- Percentage lost during distribution	50.53%	50.32%

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2016 R	2015 R
45.1	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Opening balance	-	-
	Council subscriptions	829 780	782 675
	Amount paid - current year	(829 780)	(782 675)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
45.2	<b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year audit fee	2 460 057	2 244 837
	External Audit - Auditor-General	2 460 057	2 244 837
	Amount paid - current year	(2 460 057)	(2 244 837)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
45.3	<b><u>VAT - [MFMA 125 (1)(c)]</u></b>		
	VAT	<b>(10 347 956)</b>	<b>(6 444 459)</b>
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		
45.4	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	776 782	565 172
	Current year payroll deductions and Council Contributions	9 432 541	8 499 151
	Amount paid - current year	(9 482 504)	(8 287 541)
	<b>Balance unpaid (included in creditors)</b>	<b>726 820</b>	<b>776 782</b>
45.5	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	967 228	-
	Current year payroll deductions and Council Contributions	14 658 512	13 648 703
	Amount paid - current year	(13 447 964)	(12 681 475)
	Amount paid - previous year	(967 228)	-
	<b>Balance unpaid (included in creditors)</b>	<b>1 210 548</b>	<b>967 228</b>
45.6	<b><u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u></b>		
	The following Councillors had arrear accounts for more than 90 days at 30 June 2016 financial year:		
		2016 R	2015 R
		<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	Councillor HT Prince (010956/010957)	5 663	-
	Councillor L Deyse (510271/000768)	-	3
	Councillor J Diedericks (020895/015754)	11 721	-
	Councillor GPJ Simon (000291/000292, 005103/005104, 024545/024546)	66 141	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>77 862</b>	<b>3</b>
45.7	<b><u>Non-Compliance with Chapter 11 of the Municipal Finance Management Act</u></b>		
	In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.		
	<b>Range of Deviations approved by Municipal Manager</b>	<b>Total Deviations</b>	<b>Amount</b>
	Deviations between 0 - 10 000	234	1 075 514
	Deviations between 10 001 - 30 000	61	1 040 374
	Deviations between 30 001 - 200 000	36	2 451 737
	Deviations greater than 200 001	6	2 979 477

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
45	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
45.8	<b><u>Other non-compliance</u></b>		
	<b>MFMA Section 65(2)(b)</b> Adequate management, accounting and information system was not in place which accounted for creditors.		
	<b>MFMA Section 65(2)(e)</b> The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.		
	<b>MFMA Section 15</b> Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.		
	<b>MFMA Section 32(4)</b> Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.		
46	<b>CAPITAL COMMITMENTS</b>		
	<b>Commitments in respect of capital expenditure:</b>		
	Approved and contracted for:	10 163 901	5 971 139
	Infrastructure	10 163 901	5 971 139
	<b>Total</b>	<b>10 163 901</b>	<b>5 971 139</b>
	This expenditure will be financed from:		
	Government Grants	10 163 901	5 971 139
		<b>10 163 901</b>	<b>5 971 139</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2016 R	2015 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2015 - 0.5%) Increase in interest rates	(5 868)	8 313
0.5% (2015 - 0.5%) Decrease in interest rates	5 868	(8 313)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The ageing of amounts past due and not impaired is as follows:

	Non-Exchange Receivables R	Exchange Receivables R	Total R
<b>2016</b>			
1 month past due	2 047 901	2 457 612	4 505 513
2 + month past due	-	13 071 044	13 071 044
<b>Total</b>	<b>2 047 901</b>	<b>15 528 655</b>	<b>17 576 557</b>
<b>2015</b>			
1 month past due	211 101	2 088 716	2 299 817
2 + month past due	-	6 656 806	6 656 806
<b>Total</b>	<b>211 101</b>	<b>8 745 522</b>	<b>8 956 623</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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## FINANCIAL RISK MANAGEMENT (CONTINUED)

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	2 047 901	0.00%	694 551
<u>Exchange Receivables</u>				
Electricity	62.30%	9 673 987	7.28%	636 261
Water	20.74%	3 220 667	13.67%	1 195 596
Refuse	2.92%	453 076	3.53%	309 053
Sewerage	6.78%	1 053 485	2.56%	223 658
Housing Rentals	0.02%	3 218	0.08%	7 364
Other	7.24%	1 124 222	72.88%	6 373 590
	100.00%	15 528 655	100.00%	8 745 522

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 20 & 21 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates	21.79%	10 890 015	7.42%	4 646 238
Fines	78.21%	39 091 509	92.58%	58 007 391
	100.00%	49 981 524	100.00%	62 653 629
<u>Exchange Receivables</u>				
Electricity	5.73%	2 606 329	2.36%	791 471
Water	8.66%	3 940 737	7.81%	2 621 859
Refuse	13.65%	6 214 241	16.78%	5 634 751
Sewerage	21.06%	9 584 987	24.31%	8 161 924
Housing Rentals	0.14%	62 578	0.21%	71 217
Other	50.77%	23 108 846	48.52%	16 290 647
	100.00%	45 517 717	100%	33 571 870

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates and Other Receivables	100.00%	69 871 267	0.00%	-
<u>Exchange Receivables</u>				
Services	100.00%	4 934 845	100.00%	3 695 528
	100.00%	4 934 845	100.00%	3 695 528

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## 47 FINANCIAL RISK MANAGEMENT (CONTINUED)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at the Statement of Financial Position date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2016 R	2015 R
Long term receivables	1 847 836	1 735 478
Trade receivables and other receivables	24 986 415	40 759 381
Cash and Cash Equivalents	18 049 520	15 048 617
Unpaid conditional grants and subsidies	701 267	1 614 319
	<u>45 585 038</u>	<u>59 157 796</u>

## (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years
<b>2016</b>			
Long Term liabilities	4 411 520	9 831 329	7 482 578
Capital repayments	3 084 076	5 827 531	5 194 007
Interest	1 327 443	4 003 799	2 288 572
Trade and Other Payables	19 289 853	-	-
Unspent conditional government grants and receipts	10 390 501	-	-
	<u>34 091 874</u>	<u>9 831 329</u>	<u>7 482 578</u>
<b>2015</b>			
Long Term liabilities	5 162 088	8 627 539	9 872 319
Capital repayments	3 767 966	5 175 011	6 367 423
Interest	1 394 122	3 452 528	3 504 896
Trade and Other Payables	32 614 721	-	-
Unspent conditional government grants and receipts	3 095 014	-	-
	<u>40 871 823</u>	<u>8 627 539</u>	<u>9 872 319</u>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
<b>48</b>	<b>FINANCIAL INSTRUMENTS</b>		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
<b>48.1</b>	<b><u>Financial Assets</u></b>		
	<b><u>Classification</u></b>		
	<b>Long-term Receivables</b>		
	Receivables with arrangements	1 847 836	1 735 478
	Financial instruments at amortised cost		
	<b>Consumer Debtors</b>		
	Trade receivables from exchange transactions	12 635 468	9 052 666
	Financial instruments at amortised cost		
	Other receivables from exchange transactions	947 878	16 336 482
	Financial instruments at amortised cost		
	Other receivables from non-exchange transactions	11 403 070	15 370 233
	Financial instruments at amortised cost		
	<b>Unpaid Conditional Grants and Receipts</b>		
	Other Spheres of Government	701 267	1 614 319
	Financial instruments at amortised cost		
	<b>Short-term Investment Deposits</b>		
	Call Deposits	18 037 290	15 036 387
	Financial instruments at amortised cost		
	<b>Bank Balances and Cash</b>		
	Bank Balances	-	-
	At amortised cost		
	Cash Floats and Advances	12 230	12 230
	Financial instruments at amortised cost		
		<b>45 585 038</b>	<b>59 157 796</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	<b>Financial instruments at amortised cost</b>	<b>45 585 038</b>	<b>59 157 796</b>
<b>48.2</b>	<b><u>Financial Liability</u></b>		
	<b><u>Classification</u></b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	10 710 376	10 448 477
	Financial instruments at amortised cost		
	Capitalised Lease Liability	311 161	1 093 956
	Financial instruments at amortised cost		
	<b>Trade Payables</b>		
	Trade creditors	19 289 853	32 614 721
	Financial instruments at amortised cost		
	<b>Unspent Conditional Grants and Receipts</b>		
	Other Spheres of Government	11 091 768	4 709 333
	Financial instruments at amortised cost		
	Public Contributions	80 747	145 955
	Financial instruments at amortised cost		
	<b>Bank Balances and Cash</b>		
	Bank Balances	5 105 195	1 932 245
	Financial instruments at amortised cost		
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	2 101 156	1 575 262
	Financial instruments at amortised cost		
	Capitalised Lease Liability	982 921	2 188 370
	Financial instruments at amortised cost		
		<b>49 673 177</b>	<b>54 708 319</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	<b>Financial instruments at amortised cost</b>	<b>49 673 177</b>	<b>54 708 319</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49 EVENTS AFTER THE REPORTING DATE**

The municipality did not have any event after the reporting date.

**50 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations, but receive in-kind assistance from the GTAC Programme, funded by the National Treasury, (Mr. C.J. Kymdell) during the year under review.

**51 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**52 CONTINGENT LIABILITY**

The following guarantees also qualify as contingent liabilities:

NAME / REG NO	GUARANTEE ISSUED TO	2016 R	2015 R
Nedbank	South African Post Office	50 000	50 000
Nedbank	Eskom	34 700	34 700
Nedbank	Eskom: Supply Electricity - Nelspoort		
		41 000	41 000
<b>Total</b>		<b>125 700</b>	<b>125 700</b>

Contingent liabilities - claims against the municipality

On 15 July 2012 a fire destroyed a private property within the Beaufort West municipal area. Although the owner of the property previously indicated that he was unhappy with the performance of the Fire Department of the municipality he gave no intent of claiming against the municipality. On 21 October 2015, however, the affected party's lawyers issued a letter to the municipality that the affected party have issued a summons for damages for alleged negligence on the part of the Fire Department of the municipality. an indication of the possible claim and legal fees was received from messrs Crawfords.

1 036 927	1 036 927
<b>1 036 927</b>	<b>1 036 927</b>

**53 CONTINGENT ASSETS**

BANK / FIRM	PURPOSE	REG NO		
First National Bank	Electricity supply	147	2 020	2 020
FNB/Shoprite	Electricity Supply	88	12 265	12 265
FNB/Ackermans	Electricity Supply	91	2 080	2 080
Lombard Insurance Group/AGMS	Housing Project: Merweville	248	210 450	210 450
Lombard Insurance Group/SWANSA	Reclamation Plant	261	260 068	260 068
Rand Merchant Bank o.b.o De Jagers	Notice No.62/2015: Tender SCM	293		
Loodgieters kontrakteurs	32/2015: Upgrading of the Nelspoort		425 707	-
Nedbank o.b.o A2 Loodgieters	Notice No.99/2015: Tender SCM	295	258 345	-
Nedbank Business Banking	Long Term Borrowing: Crane Truck	292	3 140 291	-
ABSA Bank	W&E Service Erf no. 7401 (BW Mall)	270	222 000	222 000
Renasa Insurance Company LTD	30 Meter High Mast Pole - Floodlighting	266	853 876	853 876
Rand Merchant Bank o.b.o De Jagers	Notice No.62/2015: Tender SCM	294		
Loodgieters kontrakteurs	32/2015: Upgrading of the Nelspoort		425 707	-
Rand Merchant Bank o.b.o De Jagers	Guarantee No.G900/0583662/GLO:	297		
Loodgieters kontrakteurs	Notice No. 104/2015: Tender SCM		347 556	-
Rand Merchant Bank o.b.o De Jagers	Guarantee no. G900/0588505/GLO:	298		
Loodgieters kontrakteurs	Notice No.62/2015: Tender SCM		247 452	-
Investec Bank o.b.o S.A Tolling: Guarantee	Guarantee No: DT 0186/2014: 1.	289		
DT 0186/2014	Remainder of portion B.of the farm		4 470 475	4 470 475
Guardrisk nms. Benvir Civils + Plant Hire CC	Contract No SCM 13/2015 : Contract for	290	183 676	183 676
Fusion Guarantees o.b.o De Jager Plumbing	Guarantee No: FUS 501638 JHB: Notice	291		
Contractors (Pty) Ltd	No. 109/2014 : SCM 12/2015 :Contract		213 723	213 723
Nedbank o.b.o Neotel (Pty) Ltd.	Guarantee No:33739501: Wayleave cable	296	50 000	
<b>Total</b>			<b>11 325 691</b>	<b>6 430 633</b>



**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**54 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**54.1 Related Party Transactions**

	<b>Rates - Levied 1 July 2015 - 30 June 2016</b>	<b>Service Charges - Levied 1 July 2015 - 30 June 2016</b>	<b>Other - Levied 1 July 2015 - 30 June 2016</b>	<b>Outstanding Balances 30 June 2016</b>
<b>Year ended 30 June 2016</b>				
<b>Councillors</b>	<b>23 735</b>	<b>92 016</b>	<b>1</b>	<b>90 705</b>
Councillor D Slabbert (010137/011832)	5 179	18 563	1	2 286
Councillor D Slabbert (028981/031495)	3 302	3 057	-	534
Councillor L Basson (024298/024299)	206	634	-	210
Councillor G de Vos (014633/014634)	4 977	2 785	-	0
Councillor G de Vos (014914/014634)	-	9 719	-	800
Councillor GP Adolph (021180/032194)	715	1 901	-	-
Councillor HT Prince(012338/010957)	-	30 769	-	-
Councillor HT Prince(010956/010957)	4 080	5 437	-	7 552
Councillor GPJ Simon (000291/000292, 005103/005104, 008194)	1 844	4 819	-	78 625
Councillor L Deyce (510271/000768)	950	1 227	-	181
Councillor M Furmen (023379/023380)	222	4 912	-	207
Councillor R van der Linde (020002/020003)	2 037	4 391	-	-
Councillor R van der Linde (070128/020003)	-	-	-	-
Councillor SM Motsoane (022661/022662)	224	3 803	-	311
Councillor RT Hugo (006510/041717)	68	767	-	-
Councillor J Diedericks (021191/021192)	175	1 216	-	709
Councillor J Diedericks (020895/015754)	124	526	-	12 371
<b>Municipal Manager and Section 57 Employees</b>	<b>46 105</b>	<b>121 730</b>	<b>-</b>	<b>3 645</b>
Municipal Manager : J Booysen(020051/020052)	-	1 206	-	-
Municipal Manager : J Booysen(018115/018116)	197	-	-	-
Municipal Manager : J Booysen(010964/032381)	2 538	26 692	-	-
Municipal Manager : J Booysen(019924/032381)	5 309	43 219	-	-
Director : A Makendlane (012180/029959)	8 161	1 901	-	-
Director : R van Staden (011989/011990)	9 715	6 814	-	-
Director : JCL Smit (011486/011487)	9 337	13 757	-	261
Acting Director : R Klink (510285/000794)	2 533	1 224	-	-
Director : F Sabbat (011439/031423)	8 317	26 917	-	3 383

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**54.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

**54.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**54.4 Other related party transactions**

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

Mr. T Prince (a council member of the Beaufort West Municipality) is the president of Beaufort West Local Football Association. The property on which the Football Association is built belongs to the municipality and is leased to the Football Association at an annual amount of R36,000. At 30 June 2016 an amount of R252 056 was outstanding in respect of the lease payments. Further interests include the Central Karoo Soccer and Rustdene Sportpub with outstanding balances amounting to R864 487.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

55 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The current ratio decreased to 0.98:1 from 1.27:1 in the prior year.

The municipality have budgeted for a surplus of R16 230 486 for the 2015/2016 financial year. The municipality is also budgeting for net surpluses of R2 282 668 and R3 453 496 for 2016/2017 and 2017/2018 respectively.

The average debtors' payment days decreased to 345 days from 427 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The outstanding balances in respect of external loans amounts to R12 713 035 (2015 - R12 028 075)

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 52

**APPENDIX A - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2015	Correction of Error	Balance at 30 June 2015 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
					R	R	R	R	R	R
<b>ANNUITY LOANS</b>										
<b>General</b>										
Sanlam Building RB21/10/03 IT 5.44	10.5%	DBSA	101257/1	2019/12/31	751 304	-	751 304	-	138 429	612 875
Tata Truck 2 Ton CZ 6388	8.6%	STANDARD	73702013/0003	2016/08/31	42 866	-	42 866	-	36 475	6 391
Case Tractor 2WD CZ 6311	8.6%	STANDARD	73702013/0004	2016/08/31	46 782	-	46 782	-	39 807	6 975
Upgr. Fencing & Alarm System	9.7%	F N B	2012/001	2017/06/01	61 302	-	61 302	-	29 460	31 842
Caterpillar Digger/Loader CZ 5169	9.7%	F N B	2012/002	2017/06/01	279 225	-	279 225	-	134 155	145 070
Sod Cutter	9.7%	F N B	2012/003	2017/06/01	13 027	-	13 027	-	6 252	6 775
Lawn Mower Tractor Attached	9.7%	F N B	2012/004	2017/06/01	12 312	-	12 312	-	5 909	6 403
Lawn Mower Gholz Course	9.7%	F N B	2012/005	2017/06/01	4 400	-	4 400	-	2 055	2 345
Sewerage Farm Merweville	6.8%	DBSA	103464/2	2025/06/30	2 048 679	-	2 048 679	-	159 757	1 888 922
Case Tractor CZ 7397	9.7%	F N B	2012/006	2017/06/01	72 451	-	72 451	-	34 813	37 638
Tata Truck 2 Ton Tipper CZ 5339	9.7%	F N B	2012/007	2017/06/01	76 139	-	76 139	-	36 611	39 528
Refuse Truck CZ 3484	10.9%	DBSA	103465/3	2017/06/30	328 085	-	328 085	-	155 371	172 714
Archimedes Sewerage Pump	9.7%	F N B	2012/008	2017/06/01	129 506	-	129 506	-	62 218	67 288
Entrance Road Industrial Area	10.2%	NEDBANK	5/7831033947/1		-	-	-	2 558 498	188 561	2 369 936
<b>Electricity</b>										
Load control syst RB12/5/98 IT.2	14.0%	DBSA	10619	2019/03/31	1 101 062	-	1 101 062	-	221 975	879 087
Dyna Cherry Picker CZ 4930	9.5%	ABSA	80343235	2015/11/01	44 773	-	44 773	-	44 774	-
Compressor CZ 4860	9.5%	ABSA	80164276	2015/10/01	14 966	-	14 966	-	14 966	-
Truck with crane CZ 2954	10.9%	DBSA	103464/3	2017/06/30	257 119	-	257 119	-	121 781	135 338
Toyota Hilux 2L CZ 10975	8.6%	STANDARD	73702013/0001	2016/07/31	21 855	(4 336)	17 519	-	17 518	1
20MVA Transformer	10.9%	DBSA	103464/1	2029/07/31	4 082 939	-	4 082 939	-	119 435	3 963 504
<b>Water Works</b>										
Farm Hansrivier	10.9%	DBSA	103464/1	2029/07/31	1 808 540	-	1 808 540	-	60 013	1 748 527
Pressure Control System	10.9%	DBSA	103464/1	2029/07/31	580 886	-	580 886	-	17 315	563 571
Trailer CZ 6253	8.6%	STANDARD	72702013/0002	2016/07/31	6 880	-	6 880	-	6 328	552
Telemetry System	9.7%	F N B	2012/009	2017/06/01	174 549	-	174 549	-	83 884	90 665
Water Purification Fencing	9.7%	F N B	2012/010	2017/06/01	68 428	-	68 428	-	32 843	35 585
<b>Total Annuity Loans</b>					<b>12 028 075</b>	<b>(4 336)</b>	<b>12 023 739</b>	<b>2 558 498</b>	<b>1 770 706</b>	<b>12 811 532</b>

**APPENDIX A - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2015	Correction of Error	Balance at 30 June 2015 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
					R	R	R	R	R	R
<b>LEASE LIABILITY</b>										
CZ 8282 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/02/28	34 255	-	34 255	-	34 255	-
CZ 8340 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/02/28	35 204	-	35 204	-	35 204	-
CZ 8341 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/02/28	34 254	-	34 254	-	34 254	-
CZ 8343 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Municipal Buildings	2016/02/28	34 254	-	34 254	-	34 254	-
CZ 8408 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	2	Reticulation High	2016/04/30	42 904	-	42 904	-	42 904	-
CZ 8410 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Recreation Sites	2016/04/30	30 413	-	30 413	-	30 413	-
CZ 8414 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Dir: Engineers Services	2016/04/30	38 007	-	38 007	-	38 007	-
CZ 8415 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	42 905	-	42 905	-	42 905	-
CZ 8418 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	42 906	-	42 906	-	42 906	-
CZ 8419 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	47 643	-	47 643	-	47 643	-
CZ 8421 TOYOTA YARIS ZEN3 ACS	8.50%	1	Dir: Financial Services	2016/04/30	29 981	-	29 981	-	29 981	-
CZ 8422 TOYOTA YARIS ZEN3 ACS	8.50%	1	Building Control	2016/04/30	29 982	-	29 982	-	29 982	-
Machine Photocopy Kyocera FS1128	9.00%	1	Thusong Centre	2016/08/30	25 718	-	25 718	-	21 877	3 841
Machine Photocopy Kyocera FS 6025	9.00%	1	Thusong Centre	2016/07/30	32 089	-	32 089	-	29 509	2 580
PABX TELEPHONE SYSTEM	9.00%	1	Thusong Centre	2016/03/30	13 237	-	13 237	-	13 237	-
CCTV CAMERA'S	20.50%	1	Dir: Financial Services	2015/09/30	3 456	-	3 456	-	3 456	-
CZ 2078 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	63 918	-	63 918	-	50 588	13 331
CZ 2477 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Refuse Removal	2016/09/30	63 918	-	63 918	-	50 588	13 331
CZ 4155 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Water Reticulation	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8684 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8685 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8686 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8687 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Recreation Sites	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 5753 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 5136 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 6192 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 8563 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Purification	2016/06/30	48 949	-	48 949	-	45 022	3 927
CZ 1096 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Reticulation	2016/11/30	78 970	-	78 970	-	54 752	24 218
CZ 5366 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Street works & Storm Water	2016/10/30	72 904	-	72 904	-	53 899	19 005
CZ 4898 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Municipal Buildings	2016/10/30	68 635	-	68 635	-	50 743	17 892

**APPENDIX A - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2015	Correction of Error	Balance at 30 June 2015 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
					R	R	R	R	R	R
CZ 4296 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/10/30	62 120	-	62 120	-	45 926	16 194
CZ 2295 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Fire Brigade	2016/10/30	65 836	-	65 836	-	48 674	17 163
CZ 1461 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Refuse Removal	2016/10/30	74 582	-	74 582	-	55 140	19 443
CZ 8728 SEDAN TOYOTA ETIO'S	8.50%	1	Housing Office	2016/10/30	48 367	-	48 367	-	35 758	12 608
CZ 6743 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/11/30	82 919	-	82 919	-	57 490	25 429
CZ 3697 TRUCK NISSAN UD 90B F/C C/C	8.50%	1	Refuse Removal	2017/01/30	570 571	-	570 571	-	351 409	219 162
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Kwa Mandlenkosi Office	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Traffic Court	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Housing Office	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Fire Brigade	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	General Expenses	2017/03/30	4 387	-	4 387	-	2 427	1 960
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	Dir: Community Services	2017/03/30	30 675	-	30 675	-	16 970	13 705
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	2	Admin: Electrical	2017/03/30	16 472	-	16 472	-	9 113	7 359
CZ 9005 ISUZU KB250D LEED FLEETSIDE P/U S	9.00%	1	Dir: Community Services	2017/05/30	107 696	-	107 696	-	53 879	53 817
CZ 4033 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	1	Dir: Traffic Services	2017/09/30	124 260	-	124 260	-	52 061	72 199
MACHINE FRANKING NEOPOST IJ - 40	9.25%	1	Dir: Financial Services	2017/06/30	41 616	-	41 616	-	16 834	24 782
MACHINE PHOTOCOPY NASHUA MP 2501SPF	9.25%	1	Dir: Financial Services	2017/11/10	16 783	-	16 783	-	6 253	10 530
MACHINE PHOTOCOPY NASHUA MPC6502SP	9.25%	1	Dir: Corporate Services	2018/03/30	194 205	-	194 205	-	64 999	129 207
CZ 7488 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	2	Reticulation Low	2018/04/30	165 545	-	165 545	-	53 562	111 983
CZ 9327 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	2	Reticulation High	2018/04/30	165 545	-	165 545	-	53 562	111 983
MACHINE PHOTOCOPY SAMSUNG PRO XPRESS	9.75%	1	Murraysburg: Admin	2018/10/30	-	-	-	8 132	1 608	6 524
MACHINE PHOTOCOPY NASHUA	9.50%	1	Dir: Financial Services	2018/08/30	-	-	-	11 700	2 924	8 776
CZ 2168 SEDAN TOYOTA ETIO'S	9.25%	1	Dir: Financial Services	2018/08/30	-	-	-	114 291	28 566	85 726
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Dir: Financial Services	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Mimosa Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY MPC2003SP	9.75%	1	Municipal Manager	2018/10/30	-	-	-	46 594	9 214	37 380
<b>Total Lease Liabilities</b>					<b>3 282 326</b>	<b>-</b>	<b>3 282 326</b>	<b>243 958</b>	<b>2 232 202</b>	<b>1 294 082</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>15 310 401</b>	<b>(4 336)</b>	<b>15 306 065</b>	<b>2 802 456</b>	<b>4 002 908</b>	<b>14 105 614</b>

**APPENDIX B - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**MUNICIPAL VOTES CLASSIFICATION**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
1 111 581	(2 806 467)	(1 694 886)	Admin: Commun Serv	977 410	(3 251 033)	(2 273 623)
52 501 329	(9 124 021)	43 377 308	Admin: Corp Serv	865 721	(9 691 753)	(8 826 032)
23 232 571	(23 817 631)	(585 060)	Admin: Electrical	6 848 420	(13 696 018)	(6 847 598)
273 845	(3 278 655)	(3 004 810)	Admin: Engineering Serv	556 240	(3 561 039)	(3 004 799)
10 316 562	(13 451 714)	(3 135 152)	Admin: Fin Serv	9 929 115	(23 164 986)	(13 235 871)
4 544	(629 813)	(625 269)	Admin: Nelspoort	8 216	(496 960)	(488 744)
45 994 585	(42 144 643)	3 849 942	Admin: Traffic	59 110 944	(62 715 529)	(3 604 585)
114 968	(2 788 379)	(2 673 411)	Admin: Water	133 948	(5 215 156)	(5 081 208)
96 184	(730 972)	(634 788)	Building Control	87 400	(854 217)	(766 817)
165 173	(565 196)	(400 023)	Cemetries	210 041	(361 036)	(150 995)
-	(1 902 393)	(1 902 393)	Fire Brigade	-	(1 953 556)	(1 953 556)
24 897 943	(11 304 077)	13 593 866	General Expenses	30 688 404	(11 817 997)	18 870 407
3 195 587	(4 288 237)	(1 092 650)	Housing Office	25 209 541	(26 420 302)	(1 210 761)
124 256	(191 675)	(67 419)	IDP: Co-Ordinator	75 616	(97 807)	(22 191)
-	(1 616 730)	(1 616 730)	Information Technology	265 413	(1 539 709)	(1 274 296)
7 995	(56 307)	(48 312)	Irrigation Water	7 754	(57 591)	(49 837)
17 300	(84 987)	(67 687)	Kwa-Mand Comm Hall	18 554	(105 692)	(87 138)
-	(608 157)	(608 157)	Kwa-Mand Office	-	(865 173)	(865 173)
1 554 464	(1 480 821)	73 643	Library Church Street	2 361 584	(1 683 525)	678 059
1 349 706	(1 264 342)	85 364	Library Mimosa	1 748 252	(1 622 890)	125 362
266 690	(167 027)	99 663	Library Nelspoort	197 957	(213 370)	(15 413)
696 316	(1 029 572)	(333 256)	Main Road	-	-	-
-	(1 907 064)	(1 907 064)	Mechanical Workshop	-	(1 964 186)	(1 964 186)
358 922	(4 763 179)	(4 404 257)	Municipal Buildings	407 920	(5 430 079)	(5 022 159)
328 196	(2 196 624)	(1 868 428)	Municipal Manager	-	(2 487 147)	(2 487 147)
22 957 370	-	22 957 370	Municipal Rates	24 359 329	-	24 359 329
1 374	(15 455)	(14 081)	Pound	1 187	(20 993)	(19 806)
1 727	-	1 727	Private Work	420	-	420
1 736 408	(6 329 869)	(4 593 461)	Recreation Sites	1 135 984	(6 054 163)	(4 918 179)
7 006 136	(10 191 527)	(3 185 391)	Refuse Removal	7 315 772	(9 849 870)	(2 534 098)
6 394 327	(3 245 735)	3 148 592	Reticulation: H Volt	470 160	(3 505 471)	(3 035 311)
61 628 773	(47 746 326)	13 882 447	Reticulation: L Volt	70 674 488	(56 926 304)	13 748 184
18 259	(53 005)	(34 746)	Rustdene Comm Hall	26 752	(61 339)	(34 587)
-	(308 878)	(308 878)	Rustdene Office	-	(571 623)	(571 623)
(16 136)	-	(16 136)	S/E 1 Rustdene	17 166	-	17 166
169 604	(185 524)	(15 920)	S/E 4 Rustdene	174 136	(172 608)	1 528
20 911	(20 912)	(1)	S/E 8 Rustdene	27 155	(27 156)	(1)
9 597	(9 597)	-	S/E 9 Rustdene	12 598	(12 598)	-
200 327	(265 672)	(65 345)	Service Connections	137 578	(221 819)	(84 241)
-	(4 137 504)	(4 137 504)	Sewerage Farm	8 025 710	(4 769 693)	3 256 017
25 561 591	(4 853 617)	20 707 974	Sewerage System	15 418 273	(4 428 483)	10 989 790
84 911	(1 861 377)	(1 776 466)	Stores	135 796	(2 089 949)	(1 954 153)
-	(1 586 525)	(1 586 525)	Street Cleansing	-	(1 640 424)	(1 640 424)
780 606	(4 775 589)	(3 994 983)	Street Lightening	1 510 136	(5 353 433)	(3 843 297)
11 248 876	(13 394 171)	(2 145 295)	Street works & Storm Water	1 209 732	(14 556 904)	(13 347 172)
59 628	(360 004)	(300 376)	Swimming Pool Birds	95 811	(458 411)	(362 600)
47 784	(397 302)	(349 518)	Swimming Pool Nieuvelid	41 961	(502 717)	(460 756)
-	(334 748)	(334 748)	Tourism	-	(369 518)	(369 518)
9 691	(83 882)	(74 191)	Town Commonage	17 504	(118 923)	(101 419)
-	(838 495)	(838 495)	Traffic Court	-	(1 088 360)	(1 088 360)
-	(55 701)	(55 701)	Traffic Lights	-	(4 036)	(4 036)
39 450	(187 352)	(147 902)	Vacuum Services	45 523	(194 577)	(149 054)
649 197	(388 592)	260 605	Vehicle Registration	705 985	(419 939)	286 046
160 215	(386 476)	(226 261)	Vehicle Testing Station	164 177	(522 115)	(357 938)
18 695	(12 035 148)	(12 016 453)	Water Purification	-	(12 554 234)	(12 554 234)
24 025 434	(6 943 570)	17 081 864	Water Reticulation	26 026 623	(9 488 297)	16 538 326
126 224	(508 491)	(382 267)	Internal Audit	155 362	(662 375)	(507 013)
488 545	(640 915)	(152 370)	Labour Relations	70 607	(705 230)	(634 623)
2 898 458	(1 203 035)	1 695 423	Murraysburg Administration	1 886 925	(1 017 462)	869 463
3 460 635	(4 672 007)	(1 211 372)	Murraysburg Electricity	3 473 664	(5 441 986)	(1 968 322)
709 602	(592 583)	117 019	Murraysburg Library	583 528	(630 174)	(46 646)
1 625 654	-	1 625 654	Murraysburg Municipal Rates	1 671 763	-	1 671 763
236 950	(127 645)	109 305	Murraysburg Recreation Site	-	(139 347)	(139 347)
388 994	-	388 994	Murraysburg Sewerage	667 180	(13 206)	653 974
857 661	(2 246 889)	(1 389 228)	Murraysburg Refuse Removal	902 675	(2 035 759)	(1 133 084)
-	(2 296 652)	(2 296 652)	Murraysburg Street Works & Storm Water	979 251	(2 149 849)	(1 170 598)
2 667	(59 715)	(57 048)	Murraysburg Swimming Pool	7 308	(12 384)	(5 076)
1 223 924	(1 695 017)	(471 093)	Murraysburg Water Works	1 114 238	(1 465 719)	(351 481)
962 634	(537 971)	424 663	Thusong Centre	243 949	(597 723)	(353 774)
195 069	(156 792)	38 277	Wheely Wagon Kwa Mandlenkosi	488 065	(218 631)	269 434
50 907	(339 700)	(288 793)	Murraysburg - Thusong Centre	376 068	(339 715)	36 353
342 651 396	(268 308 843)	74 342 553	Sub Total	310 109 691	(331 701 226)	(21 591 535)
-	11 275 683	11 275 683	Less Inter-Departmental Charges	-	12 368 673	12 368 673
342 651 396	(257 033 160)	85 618 236	Total	310 109 691	(319 332 553)	(9 222 862)

**APPENDIX C - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
25 593 539	(14 737 486)	10 856 053	Executive & Council	30 914 373	(16 042 267)	14 872 106
37 887 499	(18 062 974)	19 824 525	Budget & Treasury	37 991 144	(28 206 183)	9 784 961
52 869 942	(15 587 812)	37 282 130	Corporate Services	1 556 558	(16 780 464)	(15 223 906)
494 285	(4 201 302)	(3 707 017)	Planning & Development	719 256	(4 513 063)	(3 793 807)
6 402 759	(8 104 541)	(1 701 782)	Community & Social Services	7 264 049	(10 127 049)	(2 863 000)
3 379 563	(4 504 270)	(1 124 707)	Housing	25 440 596	(26 632 664)	(1 192 068)
45 994 585	(44 885 531)	1 109 054	Public Safety	59 110 944	(65 757 445)	(6 646 501)
2 083 437	(7 274 535)	(5 191 098)	Sport & Recreation	1 281 064	(7 167 022)	(5 885 958)
7 863 797	(14 024 941)	(6 161 144)	Waste Management	8 218 447	(13 526 053)	(5 307 606)
25 990 035	(9 178 473)	16 811 562	Waste Water Management	24 156 686	(9 405 959)	14 750 727
12 754 604	(19 402 527)	(6 647 923)	Road Transport	3 059 145	(19 612 993)	(16 553 848)
25 391 016	(23 518 421)	1 872 595	Water	27 282 563	(28 780 997)	(1 498 434)
95 698 966	(84 578 661)	11 120 305	Electricity	83 114 866	(85 149 067)	(2 034 201)
						-
342 404 027	(268 061 474)	74 342 553	Sub Total	310 109 691	(331 701 226)	(21 591 535)
-	11 275 683	11 275 683	Less Inter-Departmental Charges	-	12 368 673	12 368 673
342 404 027	(256 785 791)	85 618 236	<b>Total</b>	310 109 691	(319 332 553)	(9 222 862)

**APPENDIX D - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2015	Correction of error	Restated balance 1 July 2015	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Refund to Donor	Transfer out	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
	R	R	R	R	R	R	R	R	R	R		R	R	R	R
UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS															
NATIONAL															
Finance Management Restruc.	(266 767)	-	(266 767)	-	1 600 000	-	-	142 134	1 444 355	13 511	-	-	(266 767)	-	(266 767)
Electrification of Central Karoo	(701 117)	-	(701 117)	-	15 000 000	-	-	946 265	5 223 440	470 160	-	-	7 659 018	7 659 018	-
MSIG	182 293	-	182 293	-	930 000	-	-	122 197	923 693	-	-	-	66 403	66 403	-
Expanded Public Works Programme	(95 942)	-	(95 942)	-	1 743 000	-	-	6 983	1 736 017	-	-	-	(95 942)	-	(95 942)
Exploration Aquifers	157 653	-	157 653	-	-	-	157 653	-	-	-	-	-	-	-	-
Energy efficiency demand (EEDMS)	(131 626)	-	(131 626)	-	8 000 000	-	-	917 169	6 931 205	-	-	20 000	-	-	-
Install Pre-paid Water Meters	-	-	-	-	3 078 925	-	-	287 136	2 791 790	-	-	-	-	-	-
PROVINCIAL															
Performance Management Grant	-	-	-	-	-	2 300	294	229	1 776	-	-	-	-	-	-
Human settlements development grant (Beneficiaries) - Housing	34 450	-	34 450	-	25 205 250	2 388	36 837	-	25 205 250	-	-	-	-	-	-
Housing Consumer Education Programme	91 039	-	91 039	-	-	3 183	89 931	-	4 291	-	-	-	-	-	-
Library Services	777 421	-	777 421	-	4 570 000	112 662	-	-	4 231 194	1 132 664	-	-	96 225	96 225	-
Community Development Workers (CDW) operational support	(195 230)	-	(195 230)	-	234 000	1 151	-	7 764	205 137	-	-	-	(172 981)	-	(172 981)
Thusong (Multi-Purpose) Centre grant	222 000	-	222 000	-	100 000	8 923	-	3 579	327 344	-	-	-	-	-	-
Municipal Infrastructure Support Grant	510 814	-	510 814	20 000	550 000	41 743	-	54 053	95 928	292 090	-	-	680 486	680 486	-
Municipal Capacity Building Grant	-	-	-	-	250 000	-	-	-	250 000	-	-	-	-	-	-
Western Cape Management Support Grant	1 192 168	-	1 192 168	-	1 062 000	77 805	-	163 507	1 140 966	116 552	-	-	910 948	910 948	-
Disaster Recovery Plan	303 886	-	303 886	-	-	7 183	-	45 656	-	265 413	-	-	-	-	-
Project Provisional Funds	32 434	-	32 434	-	-	1 118	33 552	-	-	-	-	-	-	-	-
Project Preparation Grant Planning	165 396	-	165 396	-	-	5 700	171 096	-	-	-	-	-	-	-	-
Public Transport Infrastructure	21 575	-	21 575	-	-	-	21 575	-	-	-	-	-	-	-	-
Rezoning Scheme Regulations	14 291	-	14 291	-	-	493	14 784	-	-	-	-	-	-	-	-
Sanitation Master Plan	10 806	-	10 806	-	-	372	11 179	-	-	-	-	-	-	-	-
Tourism Potential Nelspoort	71 333	-	71 333	-	-	7 879	79 212	-	-	-	-	-	-	-	-
Tourism Tokens	7 907	-	7 907	-	-	273	8 180	-	-	-	-	-	-	-	-
Upgrading Elec Network Nelspoort	146 000	-	146 000	-	-	8 438	-	-	-	-	-	-	154 439	154 439	-
Organisational Structure Review	500 000	-	500 000	-	-	14 431	-	87 419	427 012	-	-	-	-	-	-
Upgrade Sport Facilities Murraysburg	357	-	357	-	-	-	-	-	-	-	-	-	357	357	-
IDP Review	66 257	-	66 257	-	-	9 400	-	41	75 616	-	-	-	-	-	-
Water Masterplan	13 560	-	13 560	-	-	467	14 028	-	-	-	-	-	-	-	-
Soup Kitchens	7 745	-	7 745	-	-	267	8 012	-	-	-	-	-	-	-	-



**APPENDIX D - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2015	Correction of error	Restated balance 1 July 2015	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Refund to Donor	Transfer out	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
<b>MIG</b>															
Upgrade Sport Stadium Kwa-Mandlenkosi	-	-	-	-	879 612	-	-	61 443	-	732 262	-	85 907	-	-	-
Sewerage Pump Station AREA 8	-	-	-	-	3 500 741	-	-	399 121	-	2 850 866	-	250 754	-	-	-
PMU	-	-	-	2 273	262 914	-	-	1 036	264 150	-	-	-	-	-	-
Upgarde Rustdene Sports Ground	-	-	-	383 000	-	-	-	23 258	-	196 226	-	163 516	-	-	-
New High Mast Lightening (Nelspoort)	-	-	-	-	500 000	-	-	-	-	-	-	500 000	-	-	-
Upgrade Sport Facilities : Merweville Sport Grounds	-	-	-	-	1 500 000	-	-	-	-	-	-	1 500 000	-	-	-
New Refuse Transfer Station	-	-	-	-	532 067	-	-	-	-	-	-	532 067	-	-	-
Upgrade/Extention of Water Supply Murraysburg	1	-	1	693	125 000	-	-	15 436	-	110 258	-	-	(1)	-	(1)
Investigation Aquifers	-	-	-	104 232	1 537 568	-	-	14 480	-	103 428	-	-	1 523 892	1 523 892	-
Pressure Reduction Water (PRV's)	-	-	-	99 858	-	-	-	12 263	-	87 595	-	-	-	-	-
High Mast Lights Greater Beaufort West	(62 825)	-	(62 825)	1 681 943	-	-	-	206 554	-	1 475 389	-	-	(62 825)	-	(62 825)
Nelspoort Bulk Water	(102 751)	-	(102 751)	72 516	-	-	-	8 905	-	63 611	-	-	(102 751)	-	(102 751)
Rehabilitate Oxidation Ponds : Nelspoort	-	-	-	696 483	5 202 839	-	-	724 478	-	5 174 844	-	-	-	-	-
Upgrade Setlaars, Paarden Perl Streets Murraysburg	-	-	-	-	1 125 100	-	-	137 095	-	979 251	-	8 754	-	-	-
Upgrade Dliso & Matshaka Road Kwa-Mandlenkosi	-	-	-	-	481 159	-	-	59 090	-	422 069	-	1	-	-	-
<b>LOCAL ECONOMIC DEVELOPMENT</b>															
Arts & Crafts	34 929	-	34 929	-	-	21 454	56 383	-	-	-	-	-	-	-	-
<b>ESKOM</b>															
Electrification Central Karoo	-	-	-	-	317 005	-	-	4 368	312 637	-	-	-	-	-	-
<b>LOTTERY</b>															
Upgrading Rustdene Sport Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CKDM</b>															
Website	8 783	-	8 783	-	-	303	9 086	-	-	-	-	-	-	-	-
Expanded Public Works Programme	(58 060)	-	(58 060)	-	-	-	(58 060)	-	-	-	-	-	-	-	-
Multi Purpose Centre - Murraysburg	136 249	-	136 249	-	-	-	136 249	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 095 030</b>	<b>-</b>	<b>3 095 029</b>	<b>3 060 998</b>	<b>78 287 181</b>	<b>327 933</b>	<b>789 992</b>	<b>4 451 659</b>	<b>51 591 803</b>	<b>14 486 188</b>	<b>-</b>	<b>3 060 998</b>	<b>10 390 501</b>	<b>11 091 768</b>	<b>(701 267)</b>
<b>UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION</b>															
<b>PRIVAAT</b>															
Disaster Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrification Central Karoo	-	-	-	-	250 000	-	-	-	250 000	-	-	-	-	-	-
Beneficiaries Merweville Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merweville Library Alteration	145 955	-	145 955	-	-	6 742	-	1 707	-	70 243	-	-	80 747	80 747	-
<b>Total</b>	<b>145 955</b>	<b>-</b>	<b>145 955</b>	<b>-</b>	<b>250 000</b>	<b>6 742</b>	<b>-</b>	<b>1 707</b>	<b>250 000</b>	<b>70 243</b>	<b>-</b>	<b>-</b>	<b>80 747</b>	<b>80 747</b>	<b>-</b>
<b>Total Receipts</b>	<b>3 240 984</b>	<b>-</b>	<b>3 240 983</b>	<b>3 060 998</b>	<b>78 537 181</b>	<b>334 675</b>	<b>789 992</b>	<b>4 453 366</b>	<b>51 841 803</b>	<b>14 556 431</b>	<b>-</b>	<b>3 060 998</b>	<b>10 471 248</b>	<b>11 172 515</b>	<b>(701 267)</b>

**APPENDIX E (1) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue - Standard</b>								
<b>Governance and administration</b>	<b>64 754</b>	<b>5 413</b>	<b>70 167</b>	<b>70 462</b>	<b>295</b>	<b>100.4%</b>	<b>108.8%</b>	<b>116 598</b>
Executive and council	29 448	197	29 645	30 914	1 269	104.3%	105.0%	25 841
Budget and treasury office	34 972	4 353	39 325	37 991	(1 333)	96.6%	108.6%	37 887
Corporate services	335	863	1 198	1 557	359	130.0%	465.0%	52 870
<b>Community and public safety</b>	<b>48 263</b>	<b>31 240</b>	<b>79 503</b>	<b>93 097</b>	<b>13 593</b>	<b>117.1%</b>	<b>192.9%</b>	<b>57 860</b>
Community and social services	6 332	1 305	7 637	7 264	(373)	95.1%	114.7%	6 403
Sport and recreation	3 547	(912)	2 635	1 281	(1 353)	48.6%	36.1%	2 083
Public safety	16 183	29 853	46 035	59 111	13 076	128.4%	365.3%	45 995
Housing	22 203	994	23 197	25 441	2 244	109.7%	114.6%	3 380
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>5 072</b>	<b>(536)</b>	<b>4 536</b>	<b>3 778</b>	<b>(758)</b>	<b>83.3%</b>	<b>74.5%</b>	<b>13 249</b>
Planning and development	402	777	1 179	719	(460)	61.0%	178.9%	494
Road transport	4 670	(1 313)	3 357	3 059	(298)	91.1%	65.5%	12 755
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>155 731</b>	<b>6 598</b>	<b>162 328</b>	<b>142 773</b>	<b>(19 556)</b>	<b>88.0%</b>	<b>91.7%</b>	<b>154 944</b>
Electricity	99 736	1 497	101 233	83 115	(18 118)	82.1%	83.3%	95 699
Water	24 109	3 848	27 957	27 283	(674)	97.6%	113.2%	25 391
Waste water management	23 413	1 555	24 967	24 157	(811)	96.8%	103.2%	25 990
Waste management	8 473	(302)	8 171	8 218	47	100.6%	97.0%	7 864
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>273 820</b>	<b>42 715</b>	<b>316 536</b>	<b>310 110</b>	<b>(6 426)</b>	<b>98.0%</b>	<b>113.3%</b>	<b>342 651</b>
<b>Expenditure - Standard</b>								
<b>Governance and administration</b>	<b>47 328</b>	<b>4 798</b>	<b>52 125</b>	<b>60 290</b>	<b>8 165</b>	<b>115.7%</b>	<b>127.4%</b>	<b>47 756</b>
Executive and council	15 494	396	15 890	16 033	143	100.9%	103.5%	14 978
Budget and treasury office	17 477	3 171	20 649	27 990	7 342	135.6%	160.2%	17 672
Corporate services	14 356	1 230	15 586	16 266	680	104.4%	113.3%	15 107
<b>Community and public safety</b>	<b>54 547</b>	<b>33 225</b>	<b>87 771</b>	<b>107 838</b>	<b>20 067</b>	<b>122.9%</b>	<b>197.7%</b>	<b>63 250</b>
Community and social services	9 792	1 154	10 946	9 373	(1 573)	85.6%	95.7%	7 663
Sport and recreation	7 566	70	7 636	6 131	(1 505)	80.3%	81.0%	6 244
Public safety	13 867	30 959	44 826	65 702	20 876	146.6%	473.8%	44 839
Housing	23 321	1 042	24 364	26 633	2 269	109.3%	114.2%	4 504
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>28 345</b>	<b>(2 941)</b>	<b>25 404</b>	<b>23 738</b>	<b>(1 666)</b>	<b>93.4%</b>	<b>83.7%</b>	<b>23 159</b>
Planning and development	4 846	116	4 962	4 414	(548)	89.0%	91.1%	4 115
Road transport	23 499	(3 057)	20 442	19 324	(1 118)	94.5%	82.2%	19 043
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>138 495</b>	<b>(3 491)</b>	<b>135 004</b>	<b>127 466</b>	<b>(7 538)</b>	<b>94.4%</b>	<b>92.0%</b>	<b>122 869</b>
Electricity	93 387	(6 856)	86 531	79 906	(6 625)	92.3%	85.6%	80 066
Water	22 160	1 983	24 143	25 739	1 596	106.6%	116.2%	20 562
Waste water management	9 017	754	9 771	8 295	(1 476)	84.9%	92.0%	8 216
Waste management	13 535	588	14 123	13 526	(597)	95.8%	99.9%	14 025
<b>Other</b>	<b>397</b>	<b>40</b>	<b>436</b>	<b>-</b>	<b>(436)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>319 333</b>	<b>19 028</b>	<b>106.3%</b>	<b>118.8%</b>	<b>257 033</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(9 223)</b>	<b>(25 453)</b>	<b>-56.8%</b>	<b>-180.6%</b>	<b>85 618</b>

**APPENDIX E (2) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue by Vote</b>								
Executive and Council	29 448	197	29 645	30 914	1 269	104.3%	105.0%	25 841
Budget and Treasury Office	34 972	4 353	39 325	37 991	(1 333)	96.6%	108.6%	37 887
Corporate Services	335	863	1 198	1 557	359	130.0%	465.0%	52 870
Community and Social Services	6 332	1 305	7 637	7 264	(373)	95.1%	114.7%	6 403
Sport and Recreation	3 547	(912)	2 635	1 281	(1 353)	48.6%	36.1%	2 083
Public Safety	16 183	29 853	46 035	59 111	13 076	128.4%	365.3%	45 995
Road Transport	4 670	(1 313)	3 357	3 059	(298)	91.1%	65.5%	12 755
Electricity	99 736	1 497	101 233	83 115	(18 118)	82.1%	83.3%	95 699
Water	24 109	3 848	27 957	27 283	(674)	97.6%	113.2%	25 391
Waste Water Management	23 413	1 555	24 967	24 157	(811)	96.8%	103.2%	25 990
Waste Management	8 473	(302)	8 171	8 218	47	100.6%	97.0%	7 864
Environmental Protection	-	-	-	-	-	-	-	-
Other	22 605	1 771	24 376	26 160	1 784	107.3%	115.7%	3 874
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>273 820</b>	<b>42 715</b>	<b>316 536</b>	<b>310 110</b>	<b>(6 426)</b>	<b>98.0%</b>	<b>113.3%</b>	<b>342 651</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	15 494	396	15 890	16 033	143	100.9%	103.5%	14 978
Budget and Treasury Office	17 477	3 171	20 649	27 990	7 342	135.6%	160.2%	17 672
Corporate Services	14 356	1 230	15 586	16 266	680	104.4%	113.3%	15 107
Community and Social Services	9 792	1 154	10 946	9 373	(1 573)	85.6%	95.7%	7 663
Sport and Recreation	7 566	70	7 636	6 131	(1 505)	80.3%	81.0%	6 244
Public Safety	13 867	30 959	44 826	65 702	20 876	146.6%	473.8%	44 839
Road Transport	23 499	(3 057)	20 442	19 324	(1 118)	94.5%	82.2%	19 043
Electricity	93 387	(6 856)	86 531	79 906	(6 625)	92.3%	85.6%	80 066
Water	22 160	1 983	24 143	25 739	1 596	106.6%	116.2%	20 562
Waste Water Management	9 017	754	9 771	8 295	(1 476)	84.9%	92.0%	8 216
Waste Management	13 535	588	14 123	13 526	(597)	95.8%	99.9%	14 025
Environmental Protection	-	-	-	-	-	-	-	-
Other	28 564	1 198	29 762	31 046	1 284	104.3%	108.7%	8 620
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>319 333</b>	<b>19 028</b>	<b>106.3%</b>	<b>118.8%</b>	<b>257 033</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(9 223)</b>	<b>(25 453)</b>	<b>-56.8%</b>	<b>-180.6%</b>	<b>85 618</b>

**APPENDIX E (3) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	26 187	–	26 187	26 031	(156)	99.4%	99.4%	24 583
Property rates - penalties & collection charges	620	–	620	553	(67)	89.2%	89.2%	474
Service charges	103 838	2 033	105 872	97 608	(8 264)	92.2%	94.0%	88 399
Rental of facilities and equipment	1 146	79	1 225	1 085	(140)	88.5%	94.7%	1 676
Interest earned - external investments	1 240	–	1 240	1 883	643	151.9%	151.9%	1 893
Interest earned - outstanding debtors	2 135	–	2 135	2 041	(94)	95.6%	95.6%	1 969
Dividends received	–	–	–	–	–	–	–	–
Fines	16 135	29 923	46 058	59 217	13 159	128.6%	367.0%	45 969
Licences and permits	588	–	588	563	(25)	95.7%	95.7%	539
Agency services	670	–	670	660	(10)	98.4%	98.4%	609
Transfers recognised - operational	98 681	(2 705)	95 976	96 002	26	100.0%	97.3%	76 782
Other revenue	5 937	1 377	7 314	9 912	2 597	135.5%	166.9%	9 373
Gains on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>257 177</b>	<b>30 707</b>	<b>287 884</b>	<b>295 553</b>	<b>7 669</b>	<b>937.5%</b>	<b>114.9%</b>	<b>252 266</b>
<b>Expenditure By Type</b>								
Employee related costs	81 529	(248)	81 281	79 879	(1 402)	98.3%	98.0%	73 426
Remuneration of councillors	4 776	–	4 776	4 522	(254)	94.7%	94.7%	4 356
Debt impairment	7 191	30 042	37 233	68 252	31 019	183.3%	949.1%	40 121
Depreciation & asset impairment	16 064	–	16 064	15 347	(717)	95.5%	95.5%	15 032
Finance charges	1 539	–	1 539	5 754	4 215	373.9%	373.9%	5 425
Bulk purchases	57 255	–	57 255	48 047	(9 207)	83.9%	83.9%	43 383
Other materials	28 355	(1 745)	26 610	24 108	(2 502)	90.6%	85.0%	18 143
Contracted services	4 751	3 946	8 697	11 249	2 552	129.3%	236.8%	7 999
Transfers and grants	60	–	60	35	(25)	58.1%	58.1%	64
Other expenditure	67 196	(405)	66 791	62 115	(4 675)	93.0%	92.4%	47 319
Loss on disposal of PPE	–	–	–	23	23	#DIV/0!	#DIV/0!	841
<b>Total Expenditure</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>319 333</b>	<b>19 028</b>	<b>950.6%</b>	<b>118.8%</b>	<b>256 109</b>
<b>Surplus/(Deficit)</b>	<b>(11 538)</b>	<b>(883)</b>	<b>(12 421)</b>	<b>(23 779)</b>	<b>(11 359)</b>	<b>191.4%</b>	<b>206.1%</b>	<b>(3 844)</b>
Transfers recognised - capital	16 643	11 857	28 500	14 556	(13 944)	51.1%	87.5%	37 652
Contributions recognised - capital	–	151	151	–	(151)	–	–	–
Contributed assets	–	–	–	–	–	0.0%	0.0%	52 296
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(9 223)</b>	<b>(25 453)</b>	<b>-56.8%</b>	<b>-180.6%</b>	<b>86 105</b>

**APPENDIX E (4) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
<b>Capital expenditure - Vote</b>								
<b>Single-year expenditure</b>								
Executive and Council	181	(161)	20	53	33	265.4%	29.4%	16
Budget and Treasury Office	53	(4)	48	292	244	607.1%	555.9%	125
Corporate Services	690	264	953	518	(436)	54.3%	75.1%	328
Community and Social Services	105	703	808	1 189	380	147.1%	1129.7%	480
Sport and Recreation	2 470	54	2 524	1 029	(1 495)	40.8%	41.7%	883
Public Safety	175	–	175	20	(155)	11.3%	11.3%	635
Road Transport	2 407	3 624	6 031	3 994	(2 036)	66.2%	165.9%	6 690
Electricity	1 043	8 731	9 774	2 701	(7 073)	27.6%	258.8%	9 514
Water	4 016	1 835	5 851	651	(5 200)	11.1%	16.2%	5 433
Waste Water Management	8 358	979	9 337	8 038	(1 299)	86.1%	96.2%	5 612
Waste Management	495	(131)	364	1	(363)	0.4%	0.3%	1 780
Environmental Protection	–	–	–	–	–	–	–	–
Other	33	511	543	–	(543)	–	–	2
Example 14 - Vote14	–	–	–	–	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Total Capital Expenditure - Vote</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Capital Expenditure - Standard</b>								
<b>Governance and administration</b>	<b>923</b>	<b>99</b>	<b>1 022</b>	<b>863</b>	<b>(158)</b>	<b>84.5%</b>	<b>93.5%</b>	<b>470</b>
Executive and council	181	(161)	20	53	33	265.4%	29.4%	16
Budget and treasury office	53	(4)	48	292	244	607.1%	555.9%	125
Corporate services	690	264	953	518	(436)	54.3%	75.1%	328
<b>Community and public safety</b>	<b>2 762</b>	<b>757</b>	<b>3 519</b>	<b>2 238</b>	<b>(1 282)</b>	<b>63.6%</b>	<b>81.0%</b>	<b>1 998</b>
Community and social services	105	703	808	1 189	380	147.1%	1129.7%	480
Sport and recreation	2 470	54	2 524	1 029	(1 495)	40.8%	41.7%	883
Public safety	175	–	175	20	(155)	11.3%	11.3%	635
Housing	13	–	13	–	(13)	–	–	–
Health	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	<b>2 427</b>	<b>4 134</b>	<b>6 561</b>	<b>3 994</b>	<b>(2 567)</b>	<b>60.9%</b>	<b>164.6%</b>	<b>6 692</b>
Planning and development	20	511	531	–	(531)	–	–	2
Road transport	2 407	3 624	6 031	3 994	(2 036)	66.2%	165.9%	6 690
Environmental protection	–	–	–	–	–	–	–	–
<b>Trading services</b>	<b>13 913</b>	<b>11 414</b>	<b>25 327</b>	<b>11 392</b>	<b>(13 935)</b>	<b>45.0%</b>	<b>81.9%</b>	<b>22 339</b>
Electricity	1 043	8 731	9 774	2 701	(7 073)	27.6%	258.8%	9 514
Water	4 016	1 835	5 851	651	(5 200)	11.1%	16.2%	5 433
Waste water management	8 358	979	9 337	8 038	(1 299)	86.1%	96.2%	5 612
Waste management	495	(131)	364	1	(363)	0.4%	0.3%	1 780
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Standard</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Funded by:</b>								
National Government	16 613	10 195	26 808	12 679	(14 129)	47.3%	76.3%	23 707
Provincial Government	30	1 662	1 692	1 807	115	106.8%	6022.4%	163
District Municipality	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>16 643</b>	<b>11 857</b>	<b>28 500</b>	<b>14 486</b>	<b>(14 014)</b>	<b>51%</b>	<b>87%</b>	<b>23 869</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>151</b>	<b>151</b>	<b>70</b>	<b>(81)</b>	<b>46.5%</b>	<b>#DIV/0!</b>	<b>363</b>
<b>Borrowing</b>	<b>–</b>	<b>2 460</b>	<b>2 460</b>	<b>2 509</b>	<b>49</b>	<b>102.0%</b>	<b>#DIV/0!</b>	<b>4 093</b>
<b>Internally generated funds</b>	<b>3 381</b>	<b>1 936</b>	<b>5 318</b>	<b>1 421</b>	<b>(3 897)</b>	<b>26.7%</b>	<b>42.0%</b>	<b>3 173</b>
<b>Total Capital Funding</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>

**APPENDIX E (5) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CASH FLOWS**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	149 107	2 128	151 236	201 328	50 093	133.1%	135.0%	120 117
Government - operating	98 681	(4 802)	93 879	107 961	14 082	115.0%	109.4%	80 471
Government - capital	16 643	10 265	26 908	14 486	(12 422)	53.8%	87.0%	37 652
Interest	3 375	—	3 375	3 924	549	116.3%	116.3%	3 861
Dividends	—	—	—	—	—	—	—	—
<b>Payments</b>								
Suppliers and employees	(243 861)	99	(243 762)	(302 283)	(58 521)	124.0%	124.0%	(194 329)
Finance charges	(1 539)	—	(1 539)	(5 754)	(4 215)	373.9%	373.9%	(5 425)
Transfers and Grants	(60)	—	(60)	(35)	25	58.1%	58.1%	(64)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>22 347</b>	<b>7 690</b>	<b>30 037</b>	<b>19 627</b>	<b>(10 409)</b>	<b>65.3%</b>	<b>87.8%</b>	<b>42 284</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>					(20 819)	-	-	
Proceeds on disposal of PPE	—	—	—	(0)				222
Decrease (Increase) in non-current debtors	—	—	—	—				—
Decrease (increase) other non-current receivables	—	(104)	(104)	(112)	(8)	107.9%	#DIV/0!	1 941
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—
<b>Payments</b>					—	—	—	
Capital assets	(20 024)	(16 405)	(36 429)	(18 487)	17 942	50.7%	92.3%	(40 500)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(20 024)</b>	<b>(16 509)</b>	<b>(36 533)</b>	<b>(18 599)</b>	<b>17 934</b>	<b>50.9%</b>	<b>92.9%</b>	<b>(38 337)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	2 802	2 802	#DIV/0!	#DIV/0!	790
Increase (decrease) in consumer deposits	—	147	147	—	(147)	—	—	—
<b>Payments</b>								
Repayment of borrowing	(1 978)	994	(984)	(4 003)	(3 019)	406.8%	202.4%	(3 558)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 978)</b>	<b>1 141</b>	<b>(837)</b>	<b>(1 200)</b>	<b>(364)</b>	<b>143.4%</b>	<b>60.7%</b>	<b>(2 768)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>345</b>	<b>(7 678)</b>	<b>(7 333)</b>	<b>(172)</b>	<b>7 161</b>	<b>2.3%</b>	<b>-49.9%</b>	<b>1 179</b>
Cash/cash equivalents at the year begin:	3 610	9 507	13 116	13 116	—	100.0%	363.4%	11 937
Cash/cash equivalents at the year end:	3 954	1 829	5 783	12 944	6 797	223.8%	327.3%	13 116